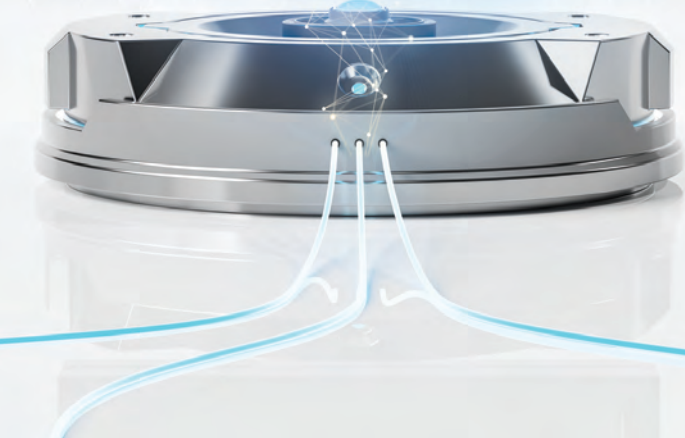


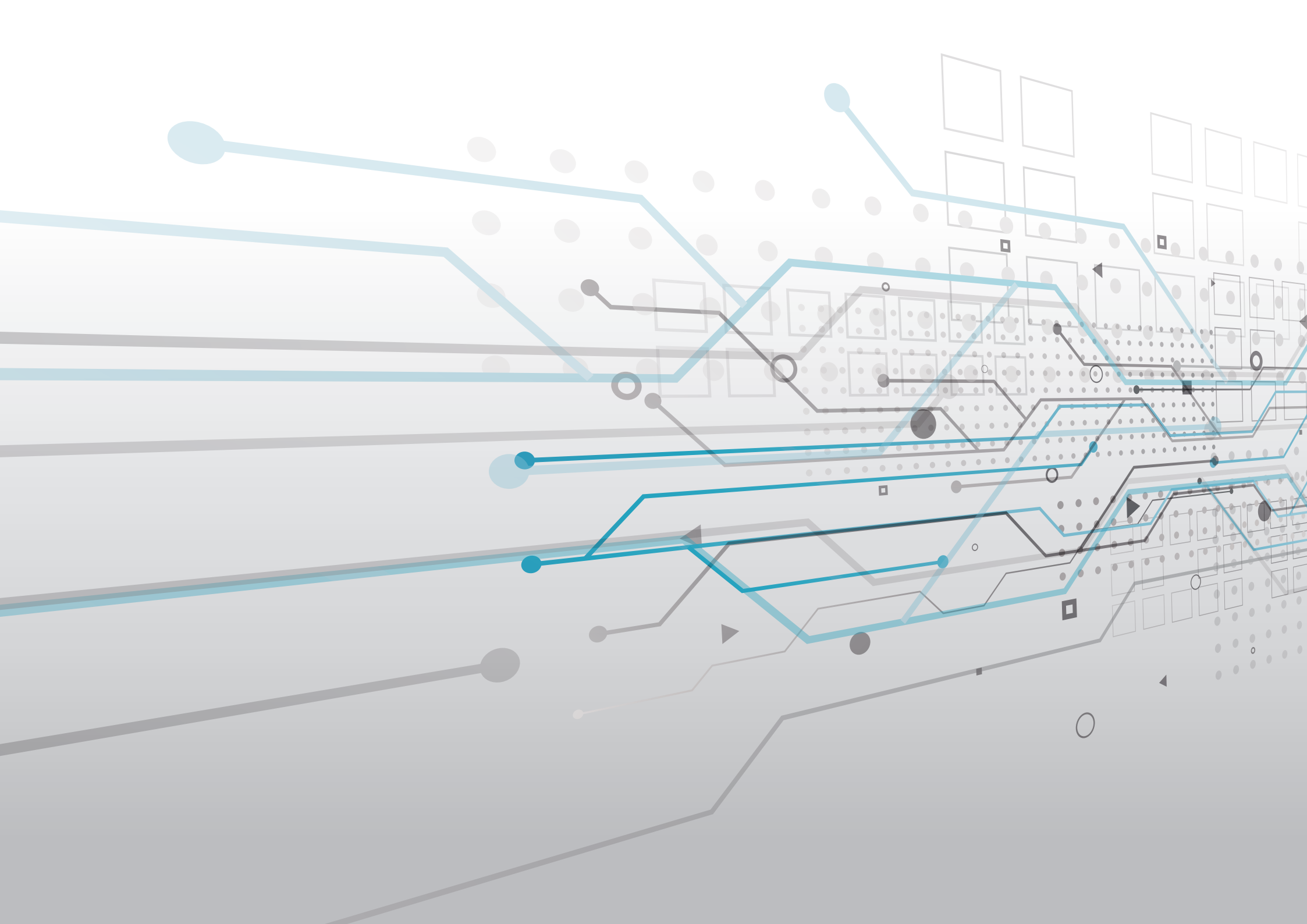
PRIMAX[®]






PRIMAX Electronics Ltd.

2020 CSR

CORPORATE SUSTAINABILITY REPORT



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About the report

This is the 7th "CSR Report" of Primax Electronics Ltd. (which may be referred to as Primax Electronics, Primax, the Company or "we" below)^{Notes 1 and 2}. This report has been prepared in accordance with the core option of GRI Standards published by Global Reporting Initiative. It is divided into four main chapters titled [Sustainability Management], [Governance], [Environmental Care], and [Friendly Workplace], and discloses sustainability issues, management approaches, practices and performance of Primax Electronics on economic, environmental and social aspects (including product responsibilities) in 2020. Relevant statistics have been presented for reference. Through publication of this report, we hope to communicate with stakeholders about the efforts and outcomes that Primax has committed and earned with respect to sustainability.

Note 1: Primax Electronics Ltd. includes Primax Electronics Taipei Headquarters/Taipei R&D Center, and Dongguan Primax, Chongqing Primax and Kunshan Primax in China.

Note 2: The term "Primax Group" or "Group" is used for disclosures that include subsidiaries such as Huizhou Tymphony (formerly known as Huizhou Loudspeaker), Dongguan Tymphony and Dongcheng Tymphony.

Scope of report

This report discloses information from January 1 to December 31, 2020, and covers operations including Primax Electronics Taipei Headquarters/Taipei R&D Center, and Dongguan Primax, Chongqing Primax, Kunshan Primax, Huizhou Tymphony, Dongguan Tymphony and Dongcheng Tymphony in China.

Economic data was sourced from consolidated financial statements published as part of the organization's 2020 annual report, which covered the operational headquarter of Primax Electronics Ltd. and performances of manufacturing sites and R&D centers worldwide. All financial data in the report was presented in NTD (NTD 4.5 = RMB 1). Based on GRI's materiality principles, we have decided to make environmental and social disclosures separately for our key operations by assessing how each topic affects the various operations. Furthermore, for the completeness of this report, certain contents have been disclosed from the perspective of Primax Group with the inclusion of occurrences, management plans, and goals before and after 2020.

Basis of report data

All data disclosed in the report was gathered and compiled by Primax Electronics, and presented in globally recognized indicators. Any use of estimate will be explained in the respective chapters. Financial data was sourced from consolidated, NTD-denominated financial statements that KPMG had prepared in accordance with International Financial Reporting Standards (IFRS). Disclosures relating to management systems including ISO 45001:2018 - Occupational Health and Safety Management System, ISO 14001:2015 - Environmental Management System, ISO 50001:2018 - Energy Management System, IECQ QC080000 - Hazardous Substance Process Management (HSPM), ISO 14064-1:2018 - Greenhouse Gas Inventory, ISO 14046:2014 - Water Footprint, and ISO 27001:2013 - Information Security Management System have been verified by third-party certifiers (Please refer to Appendix 3).



Edit, review and assurance of report

We have performed systematic analyses and determined the priority of stakeholders' sustainability concerns to provide the basis for contents disclosed in this report. The CSR Office first prepared an initial draft of the report and then disseminated it to members of the preparation team for reviews, additions, and amendments within their areas of responsibility. The revised report was later sent to SGS, an independent third-party certifier, which issued AA1000AS v3 Type 1 high assurance with respect to the inclusivity, materiality, responsiveness, and impact of this report. Please refer to Appendix 1 for detailed SGS assurance report and statement, and Appendix 2 for GRI content index.

Restatements of information

Primax Electronics has adopted stringent practices in preparing this report, and is constantly improving and reviewing the process and scope by which data is gathered, as well as the quality of data presented. Some historical data has been restated in this report to accommodate the broadened scope of report and external assurance; details of which will be explained throughout the chapters. We have emphasized on explaining management guidelines under the new GRI standards, and made more in-depth responses to material topics to more closely address stakeholders' concerns. We have also addressed non-material topics in separate chapters to complement the overall disclosure. Layout of the report is also being constantly improved upon so that stakeholders can more clearly and quickly understand Primax's efforts and performance with regards to sustainability issues.

Time of report publication

Primax Electronics will prepare sustainability reports on a yearly basis and publish them over the Company's website.

Previous issue: published in June 2020

Current issue: published in June 2021

Contact information

Please contact us for any queries or suggestions you may have with regards to the content of this report. Contact information is as follows:

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Email: CSR@primax.com.tw

Company website: <http://www.primax.com.tw/index.aspx>

CSR website: <https://csr.primax.com.tw/>



Company website



CSR webpage

Support for Global Initiatives





Message from the Chairman

The worldwide spread of COVID-19 in 2020 has caused tremendous social, political, economic, and financial impact and fundamentally altered people's lifestyles and habits. In response, businesses started introducing new work arrangements and finding ways to capitalize on new commercial opportunities. For businesses in Taiwan, loss of economic activities as a result of the pandemic poses additional challenge on top of the ongoing trade stand-off between China and the U.S., which makes resilience and risk diversification the two essential capacities that businesses will have to develop in order to overcome the current crisis.

Amidst the pandemic

Exceptional continuity management and profitability

As soon as COVID-19 began to spread in 2020, Primax Electronics took a series of pro-active responses to secure its employees, supply chain, and cash flow, thereby enabling the Company to recover production capacity back to the pre-pandemic level in an extremely short period of time. Meanwhile, shipment commenced at the Thailand Plant to support production and supply of all product lines within the Group, which provided Primax Electronics with the level of resilience needed to mitigate operational and profitability impacts while majority of the world's economies suffered significant setback. Primax Electronics achieved strong growth in the sale and shipment of products under the PC Peripherals segment, including customized gaming and office peripherals, due to increased home-based activities, thereby making PC Peripherals an important pillar to the Group's profits in 2020.

Pragmatic and progressive approach towards sustainability

Recognized by multiple awards

Primax Group has always been pragmatic, persistent, and committed on issues concerning corporate governance, environment friendliness, employee care, and social engagement. Ever since the Financial Supervisory Commission (FSC) began evaluating corporate governance performance of TWSE/TPEX-listed companies, we have been ranked among the top 5% on five counts, and won "Corporate Sustainability Report Awards - IT & IC Manufacturing - Gold" in Taiwan Corporate

Sustainability Awards (TCSA) for for two consecutive years. In 2020, Primax was able to build on top of this achievement by winning "Corporate Sustainability Report Awards - IT & IC Manufacturing - Platinum" and claim "Overall Performance Award - TOP50 Corporate Sustainability Awards" on the first attempt. By taking progressive steps to measure up to local leaders, Primax was recognized among the top-100 in the 2020 "Commonwealth Magazine Excellence in CSR" and ranked 38th in the large corporation division. Despite the pandemic, we at Primax remained committed to sustainability and took pragmatic steps towards realizing our ESG roadmap, for which we were rewarded with favorable results.

Attention to climate change issues

Establishment of Medium and Long Term Goals through SBTi Approach

It is undeniable that climate change has given rise to extreme weather conditions throughout the world, and considering how the greenhouse effect plays a major role in this development, immediate actions must be taken to reduce greenhouse gas emission. Being a responsible resident of the Earth, Primax devotes ongoing attention to the development of SBTi and adopted the SBTi approach in 2020 to evaluate and reduce greenhouse gas emission through systematic policies and methods on a group level. The SBTi approach also provides the basis for setting goals and indicators in line with TCFD, which allows the organization to not only respond to the risks and overcome the challenges of climate change early, but also examine carbon-reduction efforts with higher level of objectivity, evaluate the benefits and performance of carbon-reduction efforts at various parts of the supply chain, and identify carbon hotspots where Primax is able to make meaningful contributions to the reduction of greenhouse gas emission.



Associating business with charity e-Sport Career Camp with House of Dreams

Increasing popularity of online and mobile games combined with the recognition of e-sports as a sports event in recent years have attracted young people into making a respectable career out of their hobbies. Being a manufacturer for renowned brands of competitive gaming peripherals, we hope to provide young people with proper knowledge and experience on various aspects of the e-sport industry, including the competition, event hosting, and the research, development, and manufacturing of gaming peripherals that Primax excels at. The e-Sport Career Camp, organized in collaboration with House of Dreams, is intended not only to ascertain young players' needs and mindsets and promote Primax's R&D capacity in gaming peripherals, but also to help young people explore viable career paths.

Chairman of Primax Electronics
Liang, Li-Sheng





Sustainability Honors and Performance

Winner of two major sustainability awards

Ever since we made our pledge to corporate social responsibilities (CSR), Primax Group has always been pragmatic, persistent, and committed on issues concerning corporate governance, environment friendliness, employee care, and social engagement. Primax Electronics submitted its first entry for TCSA organized by Taiwan Institute for Sustainable Energy in 2018, and won "Corporate Sustainability Report Awards - IT & IC Manufacturing - Gold" for two consecutive years. In 2020, Primax was able to build on top of this achievement by winning "Corporate Sustainability Report Awards - IT & IC Manufacturing - Platinum" and claim "Overall Performance Award - TOP50 Corporate Sustainability Awards" on the first attempt.

By taking progressive steps to measure up to local leaders, Primax not only won TCSA three years in a row, but was also recognized among the top-100 in the 2020 "Commonwealth Magazine Excellence in CSR" and ranked 38th in the large corporation division. Despite the pandemic, we at Primax remained committed to CSR and sustainability and took pragmatic steps towards realizing our ESG (environmental, social, governance) roadmap, for which we were rewarded with favorable results.



Primax sustainability promotional video



Vice President Yen-Ying Chiang (right) attended on behalf to accept the award from Vice Minister Chuan-Neng Lin of Ministry of Economic Affairs (left)



Corporate governance



FSC corporate governance evaluation

ranking top 5%

Zero violation

Primax Group encountered no violation of economic law, social law, or related fine in 2020

Electronic voting

in shareholder meetings

A candidate nomination system has been adopted for all director elections



Established Nomination Committee

Enforced nomination review and Chairman/management succession plan

Duly executed and disclosed
Performance Evaluation for Board of Directors

Published **Chinese and English** versions

of financial announcement, material information, shareholder meeting minutes, investor seminars etc.



Optimized communication with stakeholders

Overall assessment of functional committees

Averaged total score of **4.99**



Ongoing product innovation and technology investment

Enforced "Corporate Risk Management"

Re-assessed and re-evaluated corporate risk in 2020

100% of new Primax Group employees were subjected to human rights training



Adoption of Industry 4.0

Commenced Industry 4.0 AMS project at Chongqing Plant in 2020

Average meeting attendance rate of the current board

93.1%





Appointed dedicated corporate governance officer

100% compliance with directors' mandatory training hours



2020 Consolidated net revenues
NT\$ 68,240,939 thousand

2020 consolidated net income
NT\$ 1,944,267 thousand

Optimized Primax Group's **global tax policy and planning**



2020 - won Commonwealth Magazine
Excellence in CSR

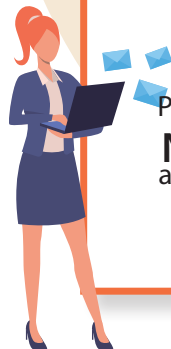


2020 - won TCSA Corporate Sustainability Report Awards - IT & IC
Manufacturing - Platinum

Won Overall Performance Award in TCSA in 2020

TOP 50 Corporate Sustainability Awards

Taipei Headquarters won **SGS CSR Award for two consecutive years**



Primax Group **No** material adverse news

Completed **ISO 27001** renewal audit

In 2020, Primax Electronics held **18 sessions** of cybersecurity training

0 No cybersecurity-related complaint from external parties or the authority was received

0 Primax Group received no complaint concerning violation of customers' sensitive information



Green operations

Primax Group passed ISO 14064-1 verification

Primax Group conducted greenhouse gas survey in accordance with ISO 14064-1:2018 on 7 of its main operating locations in 2020, and obtained assurance statement in 2021

Renewable energy certificates

3.5 million kWh of electricity were offset in 2020, equivalent to 2,842 tonnes CO₂e
Cumulative offset to date approximate to 7,432 tonnes CO₂e

Primax Group passed ISO 50001 certification

In 2020, 7 of Primax Group's main operating locations were certified for ISO 50001:2018 Energy Management System

Targets attained

Total GHG emission by Primax Group was **↓33.47%** compared to 2013 (base year)

GHG emission intensity of Primax Group compared to 2019 was **↓1.42%**

Primax Group's total energy consumption was **↓13.83%** compared to 2019

Primax Group passed **ISO 14046** verification
7 of Primax Group's main operating locations passed verification for ISO 14046:2014 Water Footprint

Primax Group's emissions **100% conformity** Statutory standard

Primax Group's water intensity compared to 2019 was **↓0.29%**

Adopted **SBTi** approach
Set group-wide carbon-reduction goals for the medium term
To reduce 30% CO₂e (categories 1 and 2) by 30% in 2030, compared to 2019

Zero violation

Primax Group violated no environmental law and incurred no related fine in 2020

Primax Group's total waste volume compared to 2019 **↓14.69%**

Primax Electronics adopted **input materials inspection data platform** to manage every inspection record

Primax Electronics adopted the **TCFD** framework for systematic identification and management of climate change risks and opportunities

Primax Group's total hazardous waste volume compared to 2019 **↓14.69%**



Zero violation

No product or service was found to have violated any health or safety regulations or self-regulating rules. There had also been no record of fines imposed in this respect.



"Environment-friendly Business" - blue certification

For 8 consecutive years, Dongguan Primax has been awarded the title of "Environment-friendly Business" - blue certification

Dongguan Primax and Dongguan Tymphony received customers' certification for "Zero Waste Landfill"

- Platinum

In 2020, Primax Group had **100 %** of new suppliers having signed

Supplier Statement

In 2020, **12** major suppliers were inspected on-site

In 2020, a total of **139** suppliers had participated in the annual supplier social responsibility training

Products made by Primax Group achieved

100 % conformity

with laws and customers' requirements on health and safety

Primax Group passed **IECQ QC 080000** certification

In 2020, 6 of Primax Group's main operating locations were certified for hazardous substance management process

2020 Environmental protection spending of Primax Group approximated NT\$ **60,304,008**



Trusted Environment-friendly Business

Chongqing Primax has been awarded the title of "Trusted Environment-friendly Business" in Yongchuan District, Chongqing, for three consecutive years, and is the only district-level business to earn this honor



The emergency rainwater treatment solution adopted by Dongguan Primax passed municipal inspection for "emergency environment precaution" of the local government

(to delete)

In 2020, Kunshan Primax was recognize by Jiangsu Market Supervision and Administration Bureau for

Excellence in Energy Management System





Social care



Donated NT\$ **6 million**
to educational institutions

In 2020, employee child care subsidies were paid for 108 children aged 0-6 for a sum of NT\$ **860,000**

Taipei Headquarters received employee childcare subsidy and work-life balance subsidy from Ministry of Labor for a sum of NT\$ **271,000**

Employees and charity partners in 1+1>2 program
Total budget committed:
NT\$ **587,395**

Zero violation
Primax Group found no discrimination or use of child/forced labor

Proposal through union and employee grievance mailbox
Response rate - **100%**

Above local minimum salary
There is no gender discrepancy in the salary of entry-level employees across Primax Group, and all employees are compensated at levels higher than the local minimum salary.

Received **Taipei City Certificate for Top Nursery Facility** for two times straight

Employee salary and welfare expenses totaled NT\$
8,326,641 thousand, representing **12.2%** of revenues

Primax Group delivered training totaling **143,023** hours

Primax Group's total training expenses amounted to NT\$ **7,413 thousand** + **56.3%** compared to 2019

Primax Group's charity involvements achieved total participant count of **1,357**



Primax Group
No incident of occupational illness

Primax Group's charity budget
NTD **8,221,820**



Dongguan Primax won Shijie Town Commendation for
Organized Charity
for the 2nd consecutive year



Promax Group employees
100%
trained for business integrity



Kunshan Primax was certified for 2020 Suzhou Harmonic Employment Relations Enterprise

Passed **ISO 45001** certification

Newly added in 2020
Dongcheng Tymphany passed certification for ISO 45001:2018 system

In 2020, Primax Group held emergency response drills for a total participant count of
24,853

In 2020, Primax Group held occupational safety-related training for a total participant count of
3,817
Total training expenses incurred: NT\$ 325,890

In 2020, Primax Group **encountered no major occupational hazard**



For four consecutive years, Dongguan Primax's volunteer team has been commended by

Shijie Town authority for Excellence in Volunteer Services
Commendations

Supplier social responsibilities management
Cumulative number of suppliers covered: **1,139**

Social Return On Investment (SROI) for the KIST project of Tao-yuan Elementary School:
1:2.12

Primax Taipei Headquarters offers employees
3 days of paid volunteer leave





Sustainability Management

Relentless leader in sustainable practices

- 1.1 Corporate social responsibility management
- 1.2 Stakeholder engagement
- 1.3 Identification of material topics
- 1.4 Enforcement of sustainability commitment



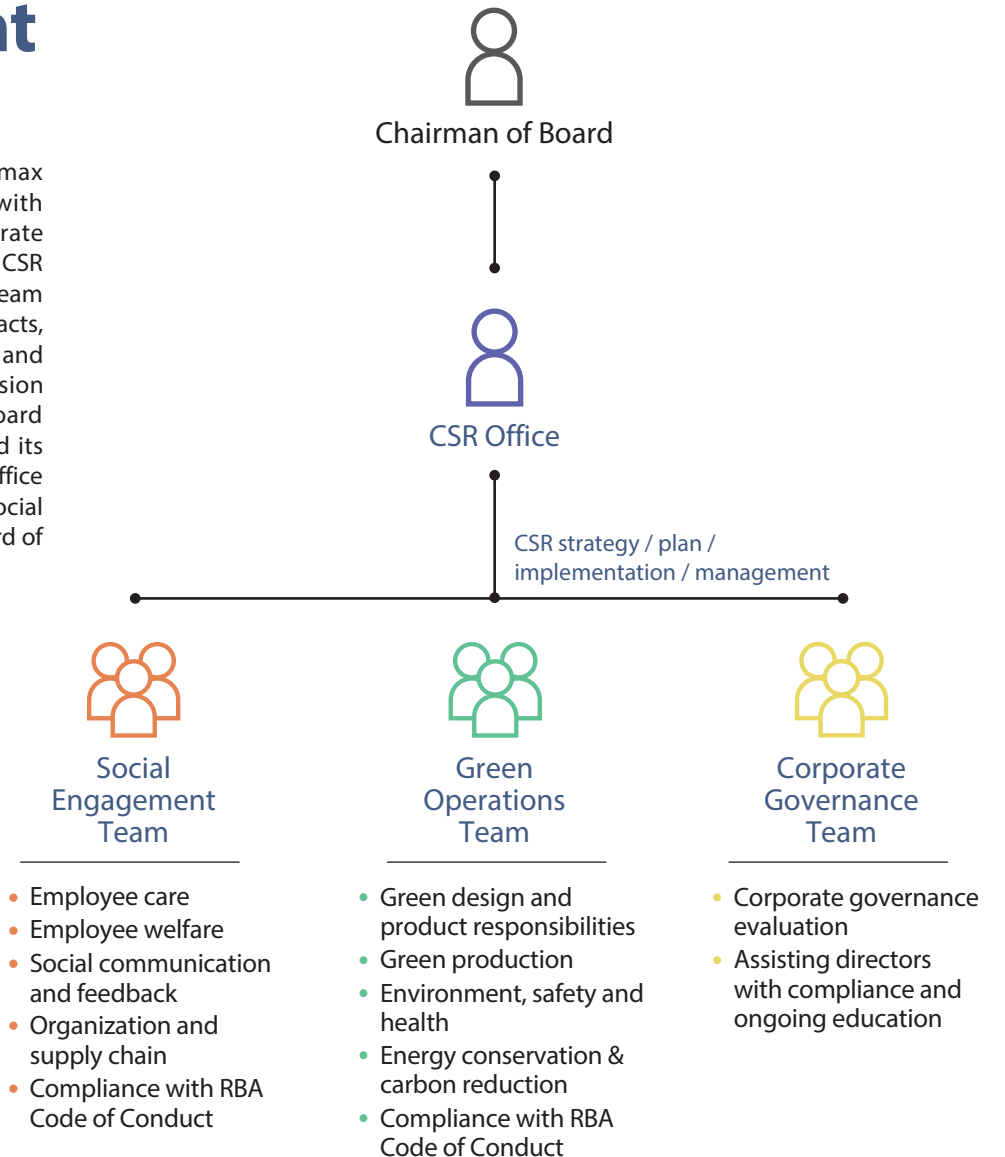
1.1 Corporate social responsibility management

Sustainable management framework and organization

A CSR Office has been established under the authority of the board of directors of Primax Electronics. Spearheaded by Vice President Yen-Ying Chiang, the CSR Office operates with the mission to enforce corporate social responsibilities with particular regards to corporate governance, sustainable environment, public welfare, and information disclosure. Under the CSR Office, a Corporate Governance Team, a Green Operations Team, and a Social Engagement Team have been assembled to address issues concerning economic, environmental, and social impacts, respectively. They respond to external initiatives by gathering economic, environmental, and social information relating to operating activities, and by reviewing the action plan, division of responsibility, and outcome of the overall execution. The CSR Office reports to the board of directors at least once a year on past performance and future plans for key issues, and its presence is an indication of the Company's strong resolve towards sustainability. The CSR Office last reported to the board of directors on July 2, 2020 regarding execution of corporate social responsibilities in 2019 and plans for 2020. In the future, the CSR office will report to the board of directors every two years on the state of communication with stakeholders.



Organization of the CSR Office



Guidelines and procedures

Each year, the CSR Office is responsible for engaging stakeholders, ranking material issues, proposing CSR missions, visions, or roadmaps to the board of directors, and establishing CSR-related policies, systems, or guidelines according to Article 8 of "Primax Electronics Corporate Social Responsibility Principles." Plans proposed by the CSR office are executed with the board's approval.

Under the authority and vision of the board of directors, the CSR Office is required to assist fellow departments and units in the implementation of CSR projects in a manner that conforms with the Company's economic, environmental and social efforts. The CSR Office is also responsible for gathering information such as stakeholders' feedbacks on issues of concern, local and global sustainability trends, and best practices of industry leaders, as well as offering suggestions and guidance to departments for the sustainability of the Company.



Solid sustainability performance

In 2018, the board of directors approved "Robust governance & sustainable operations," "Best workplace & satisfied employees," "Education & community care" and "Green operations & protection of the Earth" as the four ESG policies and set medium to long-term goals toward achieving them. With defined strategies in place, the board is able to review and discuss progress of sustainability solutions regularly, and guide Primax towards improving its practices through action.





G (Corporate Governance)

Policy	Medium/long-term goals	Short-term goals (2018-2020)	Actions taken in 2020
Robust governance Sustainable operations	Corporate governance	Maintain top 5% ranking in corporate governance evaluation	Primax received top 5% ranking in FSC's corporate governance evaluation.
		Enforcement of enterprise risk management	Re-executed the risk identification process, and instructed internal departments to propose improvements and follow up on the three newly identified major risks, including disequilibrium of the labor market, new customer development, and supply chain management.
		Performed supply chain SER management	Performed risk assessment on key suppliers; for suppliers that exhibited higher risk, the Company engaged third-party institutions to conduct verifications on-site and demanded improvements to be made within the given timeframe. In 2020, Primax Group identified a total of 12 main suppliers to undergo on-site audit.
		Optimized communication with stakeholders	Questionnaires were issued to determine which of Primax's material issues were of concern to stakeholders. A total of 848 questionnaires were issued in 2020.
	Ongoing innovation	Adoption of Industry 4.0	Primax implemented Industry 4.0 AMS in its Chongqing Plant in 2020. Unlike previous pilot production lines, this project features turnkey planning and focuses mainly on factory transformation through AI-assisted production model, improved framework design, and upgraded technology. Expected benefits include: 1. >5% production efficiency improvement per line; 2. reduction of inspection manpower by 4 per plant; and 3. reduction of time taken for production line switch by 9.5 minutes per switch.
		Product innovation project	All business units have invested continually into the development of new products and technologies in 2020, including: AI-assisted visual solutions, acoustics, smart home solutions, man-machine interfacing, and imaging technology for advanced driver-assistance systems.

E (Environment)

Policy	Medium/long-term goals	Short-term goals (2018-2020)	Actions taken in 2020
Green operations Protection of the Earth	Green production	Water footprint verification	With the exception of Primax's Thailand Plant and Tymphany's new Huizhou Plant, water footprint survey has been organized at 7 of Primax Group's main production sites, and the organization passed ISO 14046:2014 verification.
		Energy intensity reduction project	<ul style="list-style-type: none"> All 7 major sites of Primax Group have adopted energy management systems and passed certification for ISO 50001 Energy Management System. Primax Group conducted survey in accordance with ISO 14064:2018 on 7 of its main operating locations and included emission categories 3-6. An assurance statement is expected to be obtained in 2021. Adopted TCFD framework for systematic identification and management of climate change risks and opportunities. Adopted SBTi approach and set medium-term carbon reduction goals (to reduce 30% CO₂e (categories 1 and 2) by 30% in 2030, compared to 2019).
		Development of a paperless system	All operating procedures within Primax have been digitalized. The organization also has an internal talent system in place to bring Primax's eHR practices to a whole new level. Tymphany, too, adopted Primax's approach and began introducing consistent digital practices in 2019, and completed the transition in 2020.



S (Social)

Policy	Medium/long-term goals	Short-term goals (2018-2020)	Actions taken in 2020
Best workplace Satisfied employees	Safe and friendly environment	Optimized environment/safety/health/fire system	Subsidiary - Tymphony passed ISO 45001:2018 certification for its Dongguan and Dongcheng sites.
		Diverse employee communication channels	The Group continues to make use of social networking platforms such as Wechat, Line, and LinkedIn, and has implemented e-bulletin policy to govern the use of which. As a response to the pandemic, Primax used Telegram in Taiwan and the Wechat emergency contact network for Mainland offices to provide quick updates on the state of the pandemic as well as the Company's latest measures.
		Enhanced childcare/maternity protection	NT\$860,000 of subsidies were paid to employees to support care for 108 children aged 0-6.
	Balanced and healthy lifestyle	Ongoing sports club / health promotion events	In response to the pandemic, Primax Group organized online sports/10,000-steps-a-day challenge using dedicated App, so that employees may still perform health-promoting activities in limited group sizes outdoors.
		Expanded and standardized EAP (Employee Assistance Program)	Taipei Headquarters provides toll-free employee helpline, which received 171 calls in 2020. 3 seminars and awareness conferences were held in 2020 to a total of 192 participants.
		Workplace adaptation and care for new Primax recruits	All new recruits having completed 3 months of service at Taipei Headquarters are offered assistance courses aimed at helping them adapt to the workplace and familiarize with the EAP along with other supporting systems and resources available to them. 5 sessions were held in 2020 for a total enrollment count of 69.
		Employees and charity partners in 1+1>2 program	Programs executed by Primax's Taipei Headquarters included: new year shopping companion with Hongdao Foundation, community theatrical performance and one-day trip, and e-Sport Career Camp with House of Dreams, which incurred expenses totaling NT\$537,395. Tymphony, on the other hand, joined Dandelion Hearing & Language Association in organizing seminars and loudspeaker DIY events, which incurred expenses totaling NT\$50,000.
Education Community care	Promoting diverse education	Primax Comes Home/Primax Stars	Physical visits of Primax Comes Home were canceled due to the pandemic, and although Primax Stars had to forgo inviting employees' family members to plant visit in 2020, a total of three winners were still chosen from three plant sites and offered rewards and trophies as a show of gratitude for their contribution.
		Regular donation to educational institutions	The Company donated NT\$2 million to Junyi Academy, NT\$2 million to House of Dreams, and NT\$2 million to Cheng Zhi Education Foundation.
	Accompanying community elders	Ongoing internship program in TW/CN	As a result of the pandemic, internship programs at the two locations were suspended in 2020.
		Elder companion events with other institutions (NGOs/government agencies)	Taipei Headquarters collaborated with Hondao Senior Citizen's Welfare Foundation and organized 3 events that cost NT\$127,395 and achieved a total participation count of 280. Meanwhile, Dongguan Plant and Chongqing Plant collaborated with local elderly care institutions and organized 6 events that incurred a total budget of NT\$132,926.
		Volunteer club management and incentives	Taipei Headquarters organized 6 hours of volunteer training, and a total of 21 volunteers had completed the training and obtained certification. Dongguan Plant has implemented a Star Volunteer system that commends and rewards employees for completing more than 30 hours of volunteer service. A total of 9 employees were commended in 2020.



1.2 Stakeholder engagement

We have devised robust methods to identify Primax's stakeholders. First, members of the CSR Office engaged themselves in a series of discussions to brainstorm possible stakeholders. The CSR Office then adopted the AA1000 Stakeholder Engagement Standard (SES) established by AccountAbility, a non-government organization, and followed its 5 principles: dependency, responsibility, influence, diverse perspective, and tension to identify stakeholders that each department is likely to engage or influence, and rate their significance to the Company. Through the identification procedures, Primax Electronics has identified the following six main categories of stakeholder for 2020: investors, employees, clients, suppliers, government agencies, and non-profit organizations.



Stakeholders' concerned topics and communication channels

Primax Electronics places great emphasis on stakeholders' rights and opinions, and engages them in ongoing communication to learn their concerns and expectations. In addition to surveying stakeholders for concerned issues, we also engaged them using different approaches including unilateral, bilateral, one-to-many and many-to-one. See the Stakeholder Engagement Table for details on the method, frequency and procedures used.

Stakeholders' concerned topics and communication channels

Stakeholders	Significance to Primax	Concerned topic/page No. of response	Communication methods and channels	Frequency of communication	Relevant records
Investors	Primax Electronics maintains productive interaction with investors and implements robust supervision to ensure sustainability of the business.	Corporate governance	Annual general meetings	Once a year	Shareholder meeting registry and minutes
		Information security	Quarterly performance seminar and phone conference	Once a quarter	Information published in investor seminars, available from MOPS
		Decent work and economic growth	Monthly revenue announcements	Once a month	Monthly revenues and news releases, available from MOPS and company website
		Child labor	Domestic interview sessions	4 sessions a month	E-mail, on-site visit, and phone interview
		Occupational Health and Safety	Overseas investor forums	4 times a year	Information published in investor seminars, available from MOPS
		Labor-Management Relationship	Questionnaire survey for CSR topics	Once every two years	Analysis of completed and recovered questionnaires
		Anti-corruption			



Stakeholders	Significance to Primax	Concerned topic/page No. of response	Communication methods and channels	Frequency of communication	Relevant records
Employee	"People" is one of Primax's core values. We view employees as the most important capital, make it our responsibility to care for their well-being.	Economic performance Occupational Health and Safety Decent work and economic growth Employment Market presence	Labor-Management meeting	Once a quarter	Labor-management meeting minutes
			Interview for employee's performance	3 times a year	Employee performance evaluation worksheet
			Communication meetings between departments	Unscheduled	Communication meeting minutes
			Union/welfare committee meeting minutes	Once a quarter	Welfare committee meeting minutes
			Opinion surveys	Unscheduled	No employee opinion survey was conducted in 2020
			Internal communication channels	Immediate	Mail, electronic bulletin, elevator display, Line account, Wechat account
			Grievance and consultancy channel	Immediate	CSR mailbox, employee assistance hotline, grievance mailbox and opinion box
			Questionnaire survey for CSR topics	Once every two years	Primax surveyed stakeholders' attention on various CSR topics in 2020, and recovered a total of 822 questionnaires.
Clients	Primax Electronics earns the trust of its customers through innovative technologies, high-quality products and services. Customers' opinions and feedbacks provide direction for our ongoing improvements and efforts.	Customers' privacy Child labor Information security Occupational Health and Safety Supplier social/ environmental assessment Customer health and safety Compliance	GP, CSR, RBA, QPA/QSA audits	Once a year	Customers' audit records
			Customers' GP/environmental protection requirements	Once a year	Customers' specifications
			Satisfaction survey to clients	Once a year	Customers' response records
			Convention of clients and suppliers	Once a year	Meeting records
			Questionnaire survey for CSR topics	Once every two years	Primax surveyed stakeholders' attention on various CSR topics in 2020, and recovered a total of 822 questionnaires
			Product RFQ	Case-by-case basis	RFQ



Stakeholders	Significance to Primax	Concerned topic/page No. of response	Communication methods and channels	Frequency of communication	Relevant records
Suppliers	Primax Electronics aims to work hand-in-hand with its suppliers in a mutually beneficial relationship, and collaborate and learn from each other towards fulfilling corporate social responsibilities.	Corporate governance Green product Supplier environmental assessment Economic performance Information security	New AVL appraisals/ declaration	One per entity	QCDS record/declaration
			Environmental requirement of Primax and clients	Unscheduled	E-supply/GP Portal /correspondence
			Annual review	Once a year	Supplier review records
			Trainings for suppliers (GHG/CFP/GP)	Unscheduled	Training materials
			Convention of suppliers	Once a year	Meeting records
			Questionnaire survey for CSR topics	Once every two years	Primax surveyed stakeholders' attention on various CSR topics in 2020, and recovered a total of 822 questionnaires
Government	As a corporate citizen, Primax Electronics fully supports government policies and maintains good relationship with local authorities by complying with rules.	Corporate governance Compliance with environmental regulations Green product Climate action Decent work and economic growth Emission	Official correspondence	Immediate	Correspondence
			MOPS	Immediate	http://mops.twse.com.tw/mops/web/index
			Company website	Immediate	http://www.primax.com.tw/index.aspx
			Questionnaire survey for CSR topics	Once every two years	Analysis of completed and recovered questionnaires
Non-profit organizations	Non-profit organizations are independent third parties that assist government authorities and businesses in various sustainability issues. By communicating and collaborating with non-profit organizations, Primax hopes to contribute efforts to these issues.	Indirect economic impacts Decent work and economic growth Non-discrimination Customer health and safety Quality education	Phone interview	Once a year	Phone interview records
			Face to face interview	Once a year	Interview records
			CSR mailbox: CSR@primax.com.tw	Immediate	E-mail
			Questionnaire survey for CSR topics	Once every two years	Primax surveyed stakeholders' attention on various CSR topics in 2020, and recovered a total of 822 questionnaires



Stakeholders' inquiries and complaints

Primax has a CSR section available on its website to serve as communication channel and contact window with stakeholders. Any queries, suggestions, or even complaints on various issues concerning Primax Electronics can be raised through the mailbox provided, and thereby ensure timely response, communication and sound interaction with stakeholders. Primax Group received no complaint on environmental, social or customer-related issues through any of its external channels in 2020, except for few opinions concerning the economy and public interest; all of which have been forwarded to relevant departments for improvement solutions.

Internally, employees may use the Intranet, Wechat, diner/dormitory bulletin, and opinion boxes to make inquiries or report misconduct. Any violation of law or the code of conduct can be reported using the above channels or directly to the head od department, the human resource department, or the legal department. For employees' protection, the names and identities of informants and investigators are kept strictly confidential. As an encouragement for voicing out, the Company rewards informants a minimum of NT\$1,000 or equivalent for reporting misconducts that are proven to be true. If the reported misconduct is proven to be beneficial to the Company and helps reduce losses, the informant may be rewarded an equivalent of NT\$3,000 or above plus a merit of equivalent weight. Employees are encouraged to seek advice and assistance from a line manager, the human resource department, or the legal department if they are unsure whether a behavior constitutes a violation against laws, policies, or internal rules. Primax Group encountered no grievance concerning employees' ethics and integrity in 2020.

Office location	Grievance channels	Grievance cases and progress	
		Case count and details	Progress and prevention measures
Primax Electronics	Internal channels: impeach@primax.com.tw ER.HR@primax.com.cn or report to department head, human resource department, and legal department Regular communication meetings, labor-management meetings, welfare committee meetings or union proposals "Line account," "Wechat account"	Taipei Headquarters: 0 Dongguan Primax: employees raised a total of 202 recommendations through unions and conferences; 202 of which were accepted. Chongqing Primax: employees raised a total of 26 recommendations through conference; 26 of which were accepted. Kunshan Primax: employees raised a total of 14 recommendations through unions; 14 of which were accepted.	Taipei Headquarters: - Plants in China: 100% of recommendations raised by employees through unions and conferences were improved upon.
	External channels: Grievance hotline: +886-2-27989008 ext: 1046 Email: tina.lee@primax.com.tw CSR mailbox: CSR@primax.com.tw	Taipei Headquarters: 0 Dongguan Primax: 0 Chongqing Primax: 0 Kunshan Primax: 0	Any complaint received from an external party will be assigned to relevant departments depending on the nature of the case involved; alternatively, the Company may assemble a special unit to respond and make improvements within a specified timeframe.
Tymphony	Internal channels: Opinion box, Tymphony Wechat account Huizhou: +86 0752-3059888 ext 880; Linn.Ma@tymphony.com Dongguan: +86 0769-86325299 ext 7789; Rain.Hu@tymphony.com Dongcheng: +86 0769-22257469 ext 131; Alex.Ma@tymphony.com Fraud and unethical conduct reporting mailbox: Legal@tymphony.com	A total of 135 grievances and improvement/optimization proposals concerning work hours, corporate activities, employee training, and employee welfare were raised by employees.	All of which have been responded with improvement measures implemented.
	External grievance hotline: Grievance hotline: +886-2-77475899 Email: Legal@tymphony.com	Huizhou Tymphony: 0 Dongguan Tymphony: 0 Dongcheng Tymphony: 0	Any complaint received from an external party will be assigned to relevant departments depending on the nature of the case involved; alternatively, the Company may assemble a special unit to respond and make improvements within a specified timeframe.



1.3 Identification of material topics

Primax Electronics has adopted materiality analysis according to the reporting guidelines in its preparation of the sustainability report. Through systematic analysis, the Company hopes to identify material sustainability issues that are of concern to stakeholders, and make relevant disclosures in this report as a means of effective communication, thereby facilitate ongoing improvement of sustainability performance.

Material topics were still subjected to materiality analysis according to the reporting guidelines, but surveyed once every two years instead. In years when issues of concern are not surveyed through questionnaire, the Company would identify material topics via meeting discussions instead. In 2020, Primax surveyed the 6 main categories of stakeholders using CSR questionnaire to determine how each of Primax's sustainability issues poses concern to them.

Steps of CSR materiality analysis



When shortlisting topics, we took into account the sustainability context and followed the 34 topics outlined in the GRI Standards published by Global Reporting Initiative. Other factors including level of stakeholder concern, material topics adopted by peers, UN Sustainable Development Goals (SDGs), regulations, corporate performance, and development strategies were also taken into consideration for the assessment of sustainability topics. A total of 42 sustainability topics have been identified as a result.

42 sustainability topics identified



To ensure relevance and focus of the survey, the CSR Office first took into account the 2019 ranking of material topics, changes in regional regulations, industry, and overall trends (and engagement in external forums), customers' requirements, internal risk assessments (management feedback), and relevance to corporate operations, and subsequently selected 32 topics that more closely reflect stakeholders' opinions.

32 sustainability topics chosen



After identifying sustainability topics, the Company issued questionnaires to survey stakeholders' attention to various topics of concern. A total of 848 questionnaires were recovered in 2020, including 822 questionnaires on level of concern and 22 questionnaires on level of impact (completed by managers of Assistant Vice President or above of Primax Electronics).

848 questionnaires recovered



Scores on level of concern (rated by stakeholders) and level of impact (rated by management) from recovered questionnaires were then analyzed; topics that score top 50% in level of concern (3.97) and top 50% in level of impact (3.55) were shortlisted, and after discussions, the CSR Office selected 10 material topics that best covered corporate governance, economic, and environmental aspects of the Company's operations.

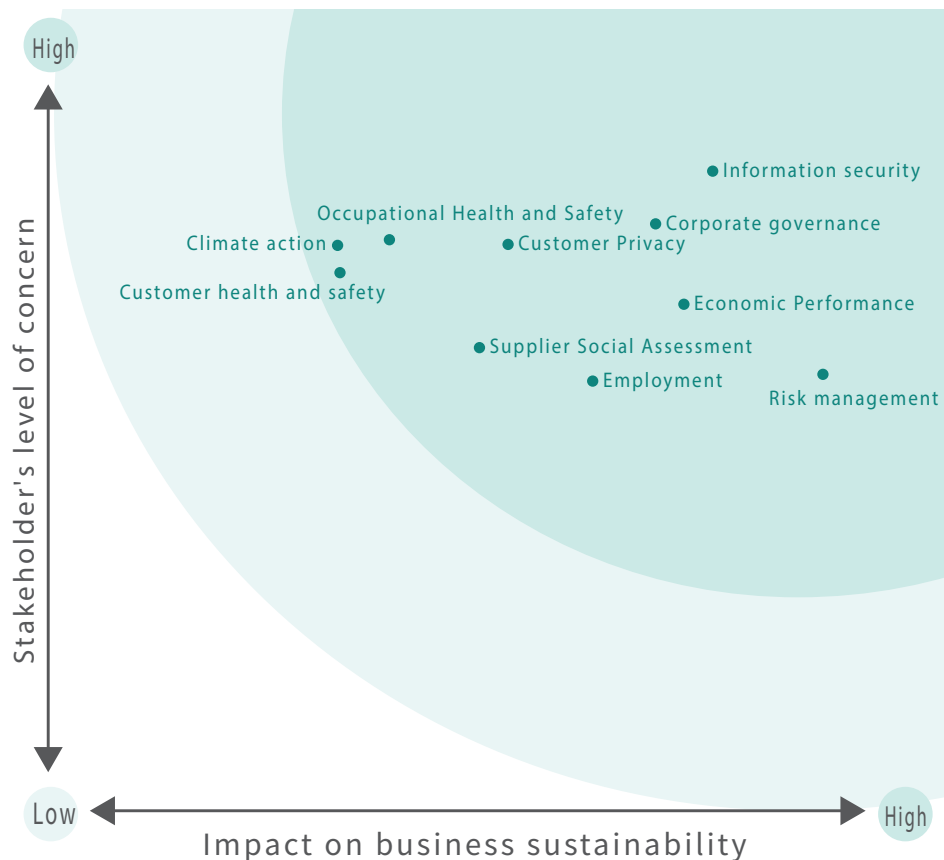
10 material topics chosen



Material topics identified from the above were consolidated by relevance into 8 management approaches with actual practice and outcome disclosed in the sustainability report. This is the 7th CSR Report of Primax Electronics. Material topics disclosed herein will be reviewed on a yearly basis and adjusted if necessary in subsequent years.

Consolidated into **9** management approaches
The **7**th sustainability report

Compared to the previous year, this year's report introduces two additional material topics, namely "risk management" and "climate action." Risk management is an issue that constitutes a critical part of the Company's sustainability and attracts increasing attention from stakeholders, and more detailed explanations have been provided on the management approaches taken. Climate action was added to encompass disclosures that were previously divided into "energy" and "emission" for more comprehensive coverage and greater emphasis on Primax's efforts toward environmental protection. Meanwhile, "supplier environmental assessment" was reclassified into a secondary topic, considering that it scored below average in terms of level of concern and degree of impact in the materiality analysis, which indicated lower sustainability risk to the Company.



Material topic

- Cybersecurity
- Risk management
- Corporate governance
- Economic performance
- Customer privacy
- Employment relations
- Supplier social assessment
- Occupational Health and Safety
- Climate action
- Customer health and safety

Secondary topic

- Decent work and economic growth
- Environmental Compliance
- Anti-corruption
- Socioeconomic compliance
- Indirect economic impacts
- Child labor
- Labor-management relationship
- Non-discrimination
- Forced or compulsory labor
- Green product
- Quality education
- Training and education
- Diversity and equal opportunity
- Responsible consumption and production
- Market presence
- Energy
- Waste
- Supplier environmental assessment
- Emission
- Tax
- Materials
- Water and effluents

Ordinary topic

- Anti-competitive behavior
- Marketing and labeling
- Procurement practices
- Human rights assessment
- Freedom of association and collective bargaining
- Biodiversity
- Security practices
- Rights of indigenous peoples
- Local communities
- Public policy

Note: "Material Topics" were addressed in this report with full disclosure on the management approach, actual practices, and performance; "Secondary Topics," on the other hand, were addressed only with disclosures on actual practices and performance, whereas Ordinary Topics were not addressed in this report, but explanations and disclosures were provided where appropriate for transparency and completeness.



Management approach	Significance	Material topic	Boundary of value chain impact of the material topic									Corresponding chapter/ page	
			Within the organization						Outside of the organization				
			Primax Electronics				Subsidiaries		Upstream		Downstream		
			Taipei Headquarters	Dongguan Primax	Chongqing Primax	Kunshan Primax	Huizhou Tymphany	Dongguan Tymphany	Dongcheng Tymphany	Suppliers	Contractors		Clients
Management of operational development	Maintaining corporate competitiveness and stable work environment are the keys to sustainability.	Economic performance	●	●	●	●	◎	◎	◎	◆	◆	◆	1.4 Enforcement of sustainability commitment P26 2.3 Consistent operations P56
Enterprise risk management	Risk management is an essential practice for corporate sustainability. Primax has assembled a risk assessment task force under the approval of the board of directors to evaluate business risks on a regular basis, and in doing so minimize uncertainty of risk events.	Risk management	●	●	●	●	◎	◎	◎	◆	◆	◆	1.4 Enforcement of sustainability commitment P27 2.4 Risk management P59
Management of information security	Customers' privacy and confidential information are important reasons that customers choose to work with the Company over the years. This is why the Group is dedicated to securing customers' information as a means to protect their interests, and recognizes it as the most important IT security management goal.	Customers' privacy	●	●	●	●	◎	◎	◎	◆	◆	◆	1.4 Enforcement of sustainability commitment P28
		Information security	●	●	●	●	◎	◎	◎	◆	◆	◆	2.4 Risk management P59
Management of business integrity	The board of directors of Primax Electronics has long adopted high standards of corporate governance, even higher than what some laws require, as the foundation of its operations. This high level of corporate governance ensures the efficiency of board functions, protects shareholders' interests, and provides the critical foundation to the Company's sustainability.	Corporate governance	●	●	●	●	◎	◎	◎	◆	◆	◆	1.4 Enforcement of sustainability commitment P29 2.2 Corporate governance P47
Management of environment friendliness	Environmental issues have always been of critical concern to electronic manufacturers. At Primax, we are dedicated to reducing environmental impact, fulfilling obligations, complying with local environmental regulations and requirements, and preventing losses from negative perceptions or legal risks.	Climate action	●	●	●	●	◎	◎	◎	◆	◆	◆	1.4 Enforcement of sustainability commitment P30 3.1 Green production management P69



Management approach	Significance	Material topic	Boundary of value chain impact of the material topic									Corresponding chapter/ page	
			Within the organization						Outside of the organization				
			Primax Electronics				Subsidiaries		Upstream	Downstream			
			Taipei Headquarters	Dongguan Primax	Chongqing Primax	Kunshan Primax	Huizhou Tymphany	Dongguan Tymphany	Dongcheng Tymphany	Suppliers	Contractors		Clients
Green product management	We consider delivering products that are of high quality, safety and free of hazard to consumers to be critical to meeting customers' requirements, and form an essential part of our corporate social responsibilities.	Customer health and safety	●	●	●	●	⊙	⊙	⊙	◆		◆	1.4 Enforcement of sustainability commitment P32 3.2 Green product management P85
Sustainability Management of Suppliers	Corporate operations may give rise to environmental and social impacts, whether through a business' own activities or through collaboration with business partners. For this reason, it is important to exercise due diligence in the management of suppliers in order to prevent, mitigate, and avoid negative impacts that are directly or indirectly caused by corporate operations.	Supplier social assessment	●	●	●	●	⊙	⊙	⊙	◆	◆	◆	1.4 Enforcement of sustainability commitment P33 3.3 Sustainable supply chain management P89
Management of employee relations	We strive to create a sound work environment where employees may work with passion and grow over time, and contribute back to corporate performance. We consider it to be the foundation for corporate sustainability.	Employment	●	●	●	●	⊙	⊙	⊙	◆	◆	◆	1.4 Enforcement of sustainability commitment P34 4 Friendly Workplace P93
Management of healthy workplace	Primax never compromises on employees' safety. We believe that only a healthy and safe work environment is able to support a healthy, secured and happy work force, which in turn improves loyalty and output.	Occupational Health and Safety	●	●	●	●	⊙	⊙	⊙	◆	◆	◆	1.4 Enforcement of sustainability commitment P35 4.4 Safe and healthy workplace P116

Note:

- The chart has been prepared in the order of the chapters presented.
- Source of impact upon occurrence: ● represents direct impact; ⊙ represents indirect impact; ◆ represents impact from commercial relations



1.4 Enforcement of sustainability commitment

We have consolidated the material topics we identified by relevance and stated our management approaches accordingly. By disclosing the policy, commitment, goal, practice and assessment involved, we aim to provide stakeholders with a better understanding of Primax Group's management actions and sustainability performance from an economic, environmental and social perspective.

Management of operational development

GRI material topic: Economic performance

Topic boundary

Entities included in the consolidated statements of Primax Electronics

Boundary limitations

Make disclosures on all entities that the Company has included in the consolidated financial statements according to International Financial Reporting Standards (IFRS).

Why important

Maintaining corporate competitiveness and stable work environment are the keys to sustainability.

Management purpose

Create value for shareholders.

Policy

- Extend products and technologies to different applications and platforms to create new product lines.
- More efficient assessment and management for all investments.
- Continue increase market share and reduce costs across all product lines.
- Develop a robust risk management policy to accommodate the opportunities and challenges given rise by climate change and new operations risks.

Goals

Deliver consistent business and profit growth.

Specific actions

- The Group has assembled a specialized department responsible for implementing Industry 4.0 and the design and production of automated assembly equipment. These solutions are expected to reduce labor costs.
- The Group continues to focus on the development of intelligent production and testing equipment in recent years, which have the potential to raise production efficiency and lower costs.
- The Group has been successful at reducing production costs by leveraging its advanced technology development capabilities and efficient production models. Meanwhile, by securing performance and expanding supply chain of the Thailand plant, the Group was able to diversify business risks at a higher level and explore greater opportunities in the competitive OEM market.
- Commenced Industry 4.0 AMS project at Chongqing Plant in 2020.
- Investments into new products and technologies continued across all business units in 2020.
- R&D expenses totaling NT\$2,555,565 thousand consolidated net revenues were reported at were spent in 2020, representing 3.74% of operating revenues.

Assessments

The General Manager is responsible for the planning and execution of performance plans, while shareholders, board of directors, and the Audit Committee supervise and audit the General Manager's performance. Accomplishment of performance indicators (mainly comprise revenues, gross profit, operating profit, pre-tax profit and net income) are monitored on a monthly and quarterly basis against annual budgeted figures of various business departments/product lines/subsidiaries. The General Manager is responsible for the implementation and execution of the overall operational plan.

Performance and adjustment

- 2020 consolidated net revenues were reported at NT\$68,240,939 thousand.
- 2020 consolidated net income was reported at NT\$1,944,267 thousand.
- Compound annual growth rate (CAGR) of consolidated revenues for 2013-2020: 7.1%.
- Compound annual growth rate (CAGR) of consolidated net income for 2013-2020: 16.5%.





Enterprise risk management

GRI material topic: Risk management

Topic boundary

Taipei Headquarters / Dongguan Primax / Chongqing Primax / Kunshan Primax / Huizhou Tymphony / Dongguan Tymphony / Dongcheng Tymphony / Raw material supplier / Customer

Boundary limitations

This report discloses information relating to business risks and climate change risks of Primax Group.

Why important

Risk management is an essential practice for corporate sustainability, and it is necessary to evaluate business risks regularly so that response strategies can be devised to mitigate operational impacts.

Management purpose

To accomplish sustainability goals, address aspects of customers' concern, and ensure conformity with international trends. To develop a risk management system along with relevant policies that support risk management needs of the organization, and ultimately improve the efficiency of risk management practices.

Goals

To reduce impact of risks on Primax's operations, and improve efficiency of risk management practices.

Responsibility

The board of directors is the highest risk management authority within the organization. The board delegates authority to the CEO for executing and ensuring the effectiveness of the organization's risk management system, and to the CSR Office for assembling a "corporate sustainability risk assessment task force" that is responsible for executing solutions and producing corporate risk management reports to the board.

Specific actions

- Adopted enterprise risk management in 2018 according to ISO 31000 - Risk Management and the requirements of ISO 22301.
- Starting from 2020, Primax will be conducting overall risk assessments on a yearly basis to follow up on strategies undertaken for the major risks identified.
- The "corporate sustainability risk assessment task force" held its second risk assessment meeting in March 2020 to re-evaluate business risks.
- Climate-related information for 2020 was disclosed using the framework for disclosure of climate-related financial information published by TCFD.
- A disease control team was assembled in 2020 along with the introduction of disease control plans to combat the spread of COVID-19.

Assessments

Content of risk report is verified by the convener of "corporate sustainability risk assessment task force" and reported in board of directors meeting. Senior managers are responsible for devising mitigation solutions for high-risk and high-impact issues, and for subsequent monitoring and improvements. The internal audit unit conducts regular audits on the execution of key solutions as part of its audit plan.

Performance and adjustment

- After going through the risk management process, we have identified the following risks that Primax is currently susceptible to:
 - (1) Disequilibrium of the labor market
 - (2) New customer development
 - (3) Supply chain managementImprovement plans have been devised to address the above.
- As of the end of 2020, none of the Group's employees was diagnosed or suspected of COVID-19 infection.





Management of information security

GRI material topics: Customer privacy / cybersecurity

Topic boundary

Taipei Headquarters / Dongguan Primax / Chongqing Primax / Kunshan Primax / Huizhou Tymphony / Dongguan Tymphony / Dongcheng Tymphony / Raw material supplier / Customer

Boundary limitations

This report discloses Primax Group's actions toward protecting customers' privacy and confidential information.

Why important

Customers' privacy and confidential information are important reasons that customers choose to work with the Company over the years. This is why the Group is dedicated to securing customers' information as a means to protect their interests, and recognizes it as the most important IT security management goal.

Management purpose

Commitment to protecting customers' privacy and confidential information.

Policy

Follow ISO 27001 standards and implement an information security management system to ensure the secrecy, completeness and usability of the Company's information assets, as well as the authenticity, accountability, non-repudiation and reliability of information kept in possession. This policy and related standards apply to all information assets and information users (including permanent employees, contract employees, interns, and any customer, service provider, supplier, business partner, and visitor that has access to information) within the Company (including overseas subsidiaries). The weakness scanning and penetration test are being planned now and the important system are scheduled. To prevent the APT attacks, the drills of social engineering will be conducted, to design various control measures, in order to deepen the defense, and minimize the risks of information security.

Goals

To continually enhance information security within the Company and ensure the secrecy, integrity, usability and compliance of information kept in possession for the best interest of the Company's customers, shareholders, employees, and suppliers, and for social responsibilities.

Responsibility

To enhance the security management of the Group, the Security Department of the Group has been established in July 2014. The "information security task force" has been set up under the department, to regulate the authorities and responsibilities of the information security managing personnel, coordinate affairs, and promote the management of information security, for the purpose of ensuring the management regulations for information security are effectively and continuously executed.

Specific actions

- Passed certification for ISO 27001 Information Security Management System for the first time in 2018, and completed renewal audit in 2021.
- Business continuity plan and regular drill.
- Optimal management of user access.
- Adopt feasible solutions against e-mail scam.
- Ongoing optimization of information security goals.
- Regular system weakness scan.

Assessments

Based on the internal management and review procedures outlined in ISO 27001, the Company assesses the effectiveness of its information security management system by executing the PDCA cycle (Plan, Do, Check and Action), and makes ongoing improvements and enhancements to information security and customer privacy management.

Performance and adjustment

- Primax Electronics organized 18 cybersecurity training sessions in 2020 and delivered 18 hours of training to 1,349 people.
- Scanned systems and equipment for weaknesses, and patched medium- and high-risk weaknesses.
- Introduced privileged account management, DLP tool, and MFA two-factor authentication at user end.
- Continued BEC (Business Email Compromise) analysis and SIEM (Security Information and Event Management) log monitoring.
- Passed BSI renewal audit in January 2021 and obtained certification for ISO 27001:2013.
- No complaint concerning violation of customers' sensitive information was received.
- No cybersecurity-related complaint from external parties or the authority was received.





Management of business integrity

GRI material topic:
Corporate governance

Secondary topics:
compliance, anti-corruption

Topic boundary

Taipei Headquarters / Dongguan Primax / Chongqing Primax / Kunshan Primax / Hui Zhou Tymphony / Dongguan Tymphony / Dongcheng Tymphony / Supplier

Boundary limitations

For internal control and business integrity, the scope applies to all business and administrative activities conducted by various departments, offices and subsidiaries (50% shareholding interest and above, including 2nd tier subsidiaries) of the Company.

Why important

Primax Electronics upholds "integrity, legitimacy and transparency" at the core of its business practices. In addition to complying with laws, the Company also requires all its employees to uphold integrity, credibility and discipline in all commercial activities, and make full and transparent disclosures to the public in ways that facilitate future business growth.

Management purpose

To prevent occurrence of financial and non-financial losses, and enhance stakeholders' long-term trust in the Company.

Policy

Establish internal guidelines in compliance with "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies," "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies," and adopt international and industrial best practices to enforce corporate governance, integrity and leadership.

Goals

- Protect shareholders' interest and ensure fair treatment for shareholders.
- Strengthen board structure and functionality.
- Enhance information transparency.
- Enforce business integrity and anti-corruption training, and eliminate dishonest conducts.

Specific actions

- Enforced board diversity policy by holding a by-election during annual general meeting to elect one female (independent) director.
- Strengthened board structure and independence by electing one additional independent director (female) to a total of four independent directors during annual general meeting.
- Enhanced disclosure on functional committee performance (including Audit Committee, Remuneration Committee and Nomination Committee).
- The board of directors appointed dedicated corporate governance officer to oversee corporate governance-related affairs and make adequate disclosure of governance practices and execution.
- Association between directors' compensation, company performance, and board performance has been disclosed in details.
- For the announcements of financial information, publications of material information, shareholders' meeting related information, and the content of the investor conference are issued both in Chinese and English.
- Business integrity policy and prevention against dishonest conducts are being monitored with execution outcome reported to the board of directors at least once a year.

Assessments

- Supervised by the board of directors and functional committees.
- Each business department is required to follow the internal control system and conduct self-assessments accordingly.
- The board of directors and the management review self-assessment results of individual departments on a yearly basis, and the internal audit department's audit reports on a quarterly basis.
- Effectiveness of internal control system is determined with the opinion of more than half of Audit Committee members, and is subject to board resolution.

Performance and adjustment

- 100% of new Primax Group employees were subjected to integrity and ethics training.
- A Nomination Committee was established to enforce nomination review standards and procedures.
- Electronic voting has been adopted in shareholder meetings, whereas a candidate nomination system has been adopted for all director elections.
- The operation audit unit completed internal audits in 2020 as planned, and major audit findings were reported to the Audit Committee on a quarterly basis.
- The Company ranked top 5% in the 2020 corporate governance evaluation.
- 2020 performance evaluation for the board of directors, board members, Audit Committee, and Remuneration Committee comprised two parts: (1) External performance evaluation, which was rated between Good and Excellent; and (2) Internal performance evaluation, which scored an average between 4.96 (excellent; agree) and 5 (outstanding; strongly agree). The results indicate that directors were satisfied with the current system and process by which the board and functional committees operate.
- 100% of the Company's directors have completed the mandatory training hours and complied with the requirements of "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies."
- A total of 25 board of directors meetings were held in 2020; average attendance rate of directors was concluded at 93.1%.
- Primax Group violated no social or economic law and incurred no related fine in 2020.





Management of environment friendliness

Material topic: climate action

Secondary topics: energy, emission, waste, water and effluents, compliance with environmental regulations



Topic boundary

Taipei Headquarters / Dongguan Primax / Chongqing Primax / Kunshan Primax / Huizhou Tymphony / Dongguan Tymphony / Dongcheng Tymphony / Supplier

Boundary limitations

Dongguan Primax is the Group's main production site. It accounts for more than 60% of the Group's total employees, therefore additional disclosures have been made in this report.

Why important

As an electronics manufacturer, Primax is well-aware of the importance of adopting Earth-friendly practices and minimizing impacts to the environment. We fulfill our duties by complying and enforcing local environmental regulations, and take further steps toward improving the environment. By applying proper risk management, Primax has identified the impact of climate change and new GHG regulations on its operations. Absence of pro-active management may undermine the Company's public image, or even constitute regulatory violations and lead to work suspension, losses and negative impacts to sustainability efforts.

Management purpose

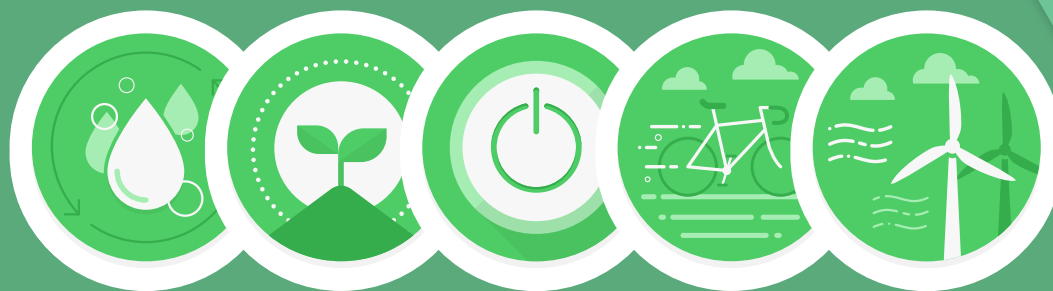
Climate change presents both risks and opportunities for Primax. We should take this opportunity to raise our management capacity and business performance, while at the same time improve corporate image by fulfilling our duties to society.

Policy

1. Introduce environmental management systems and assemble an environmental safety management committee for the execution of this system.
2. Propose new climate change strategies by adopting standards above state regulations and industry norms:
 - **Prevention:**
 - Obtain GHG emission verification for the entire Primax Group.
 - Actively participate in technological collaboration with government agencies and external institutions to further enhance environmental management.
 - Study local and global trends on environmental regulation; take preemptive responses toward upcoming changes.
 - **Reduction:** Implement energy conservation and carbon/waste reduction measures throughout Primax Group on an ongoing basis.
 - **Operation:** Realize goals toward green operation, green production, and green supply chain on an ongoing basis.

Goals

1. Energy and greenhouse gas: Continue exploring ways to improve energy efficiency and reduce GHG emission.
 - Primax Group expects to reduce GHG emission intensity (CO2e/revenue) by 25% in 2020, as compared to the base year (2013).
 - Further steps were taken to set group-wide carbon reduction targets for the next phase using the SBTi approach: To reduce category 1 and category 2 GHG emission (CO2e) by 30% in 2030, compared to 2019 (the base year).
 - Increased use of renewable energy: renewable energy to account for 50% of total energy consumption by 2030.
 - Zero net emission: to achieve zero net emission for categories 1 and 2 by 2050.
2. Exhaust, wastewater, noise, and solid waste: To maintain discharge/transfer at consistent levels over the long term.
 - To reduce hazardous waste volume by 2% per year.
 - To reduce energy (including electricity) usage by 2% per year.
 - To reduce water by 2% per year.





Specific actions

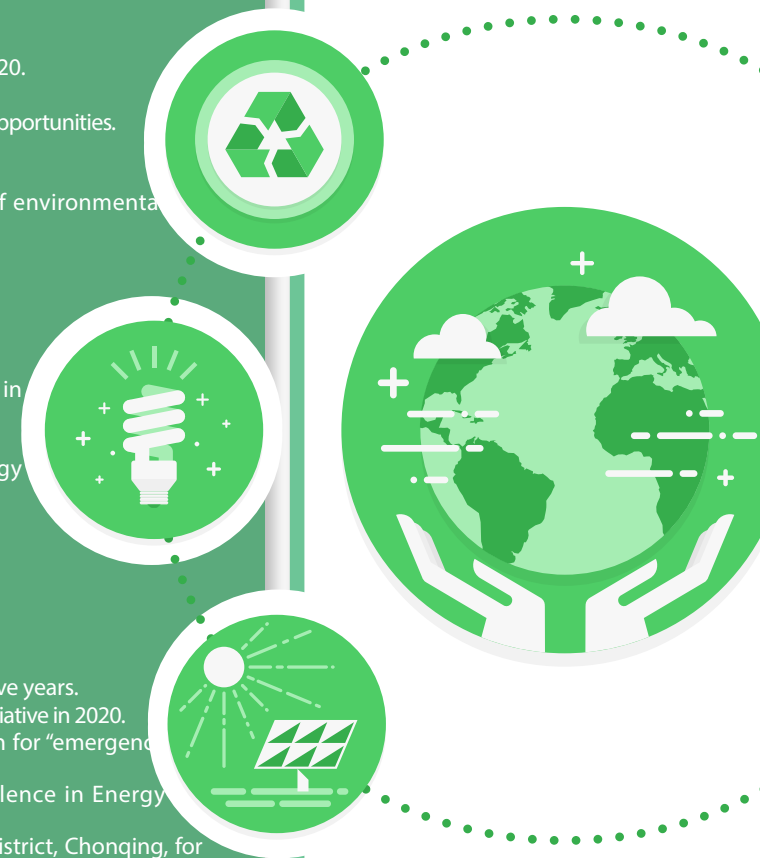
- 7 of Primax Group's major sites have developed management procedures in accordance with ISO 14001 - Environmental Management System, ISO 14064-1 - Greenhouse Gas Inventory, ISO 14046 - Water Footprint, and ISO 50001 - Energy Management System, and obtained verification for the above systems.
- Continued waste reduction actions by classifying, storing, and weighing hazardous waste.
- All annual reports and conference manuals used in annual general meetings are being printed on FSC-certified paper using soy-based ink for environmental protection.
- 7 of Primax Group's major sites have transitioned to surveying greenhouse gas according to the ISO 14064-1:2018 standard, and included emission categories 3-6 in 2020. An assurance statement is expected to be obtained in 2021.
- Primax Group adopted the SBTi approach to set carbon-reduction goals for the medium term in 2020.
- Primax supports customers' Carbon Disclosure Project (CDP) initiatives by taking part in supply chain surveys and disclosing environment-related information on a yearly basis.
- All major production sites execute energy conservation plans on a yearly basis.
- 7 major sites of Primax Group continued to pass verification. for ISO14046 Water Footprint in 2020.
- 7 major sites of Primax Group continued to pass certification. for ISO 50001 Energy Management System in 2020.
- Dongguan Primax and Chongqing Primax continued to purchase renewable energy certificates in 2020.
- TCFD framework was adopted in 2020 for systematic identification and management of climate change risks and opportunities.

Assessments

- Primax engages third-party institutions to perform regular audits and ensure ongoing effectiveness of environmental management systems.
- Actively participate in environmental performance assessments organized by external institutions.
- Regular internal assessments on whether the reduction target is met.

Performance and adjustment

- Primax Group violated no environmental law and incurred no related fine in 2020.
- All major production sites execute energy conservation plans on a yearly basis. Carbon reduction volume in 2020 was estimated at 2,977,658 kg CO₂e.
- All gas emitted by Primax Group in 2020 was 100% compliant with regulations.
- Dongguan Primax and the Chongqing Plant purchased additional 3.5 million kWh of renewable energy certificate in 2020, offsetting approximately 7,432 tonnes CO₂e to date.
- Primax Group's GHG emission intensity in 2020 was 1.42% less than 2019
- Primax Group's GHG emission intensity in 2020 was 33.47% less than 2013 (the base year).
- Primax Group's energy consumption volume in 2020 was 13.83% less than 2019.
- Primax Group's water intensity in 2020 was 0.29% less than 2019.
- Primax Group's total waste volume in 2020 was 14.69% less than the previous year.
- Primax Group's total hazardous waste volume in 2020 was 14.69% less than the previous year.
- Dongguan Primax was awarded the title of "Environment-friendly Business" - blue certification for 8 consecutive years.
- Dongguan Primax and Dongguan Tymphony received Platinum Certification in customers' "Zero Waste Landfill" initiative in 2020.
- The emergency rainwater treatment solution adopted by Dongguan Primax passed municipal verification for "emergency environment precaution" of the local government in 2020.
- Kunshan Primax was recognize by Jiangsu Market Supervision and Administration Bureau for Excellence in Energy Management System in 2020.
- Chongqing Primax has been awarded the title of "Trusted Environment-friendly Business" in Yongchuan District, Chongqing, for three consecutive years.





Green product management

GRI material topic: customer health and safety

Topic boundary

Taipei Headquarters / Dongguan Primax / Chongqing Primax / Kunshan Primax / Huizhou Tymphony / Dongguan Tymphony / Dongcheng Tymphony / Raw material supplier

Boundary limitations

This report discloses health and safety information of products made by Primax Group and raw materials used.

Why important

We consider delivering products that are of high quality, safety and free of hazard to consumers to be critical to meeting customers' requirements, and form an essential part of our corporate social responsibilities.

Management purpose

As part of our commitment to providing excellent product and service, we not only ensure compliance with laws and customers'/users' safety and health requirements from the time raw materials are acquired until products are developed, manufactured, used and disposed, but also enforce environmental protection visions in green design and green practices. In doing so, we fulfill our duties as a corporate citizen.

Policy

To achieve this purpose, Primax Group not only implemented policies such as quality, green product, environment safety and health, but also refrains from using conflict metals (such as: coltan, tin, gold and wolframite) that originate from Democratic Republic of the Congo. These policies have been included as prerequisites for all supplies provided and designed by suppliers in order to ensure customers' safety and health when using our products.

Goals

- All products made by Primax Group are free of toxic and hazardous substances such as lead, mercury, and cadmium. Following the new addition of BBP, DBP, DEHP and DIBP in RoHS, we begun reducing use of the above substances and was able to fully comply with legal requirements by the end of 2018.
- All products provided to customers have passed health and safety evaluation.

Specific actions

- ISO 9001 - Quality Management System, IECQ QC080000 - Hazardous Substance Process Management (HSPM).
- Huizhou Tymphony's "TD-LTE Wireless Data Terminal" passed national mandatory certification by China Quality Certification Center in 2019.
- All products provided to customers have passed health and safety evaluation.
- An input materials inspection data platform was introduced in the second half of 2020 to record test statistics and ensure accuracy of data on samples.



Assessments

- Safety and health of the Company's products are verified by the executive product assurance officer of Primax Group. The Company evaluates the effectiveness of its practices annually using the PDCA approach and by following the internal review procedures outlined in ISO 9001, ISO 14001, ISO 14064-1, ISO/TS 14067, IECQ QC 080000 and ISO 45001.
- For every new legal requirement imposed by the authority, we conduct yearly assessments, adjust management strategies, and revise our annual targets accordingly. Any failure in accomplishing the designated goals will be thoroughly reviewed to identify key reasons and possible solutions. Outcomes of these solutions will be verified in subsequent review meetings.

Performance and adjustment

- Products made by Primax Group are 100% compliant with laws and customers' requirements on health and safety.
- In 2020, no product and service was found to have violated any health or safety regulations or self-regulating rules. There had also been no record of fines imposed in this respect.



Sustainability Management of Suppliers

**GRI material topic:
supplier social assessment**

**Secondary topics:
supplier environmental
assessment, child labor, non-
discrimination, forced or
compulsory labor**

Topic boundary

Taipei Headquarters / Dongguan Primax / Chongqing Primax / Kunshan Primax / Huizhou Tymphony / Dongguan Tymphony / Dongcheng Tymphony / Supplier

Boundary limitations

This report discloses social and environmental management of Primax Group's suppliers.

Why important

Corporate operations may give rise to environmental and social impacts, whether through a business' own activities or through collaboration with business partners. For this reason, it is important to exercise due diligence in the management of suppliers in order to prevent, mitigate, and avoid negative impacts that are directly or indirectly caused by corporate operations.

Management purpose

To coordinate with suppliers for the fulfillment of corporate social responsibilities.

Policy

To assist and inspire suppliers in making ongoing improvements in social and environmental aspects.

Goals

- To have 100% of new suppliers signing the Supplier Commitment Statement.
- To continue RBA assessment for key suppliers, and have 95% of suppliers assessed in 2021.
- To continue RBA training for key suppliers, and have 90% of suppliers trained in 2021.
- To continue on-site audit for suppliers that are identified as high-risk, and have 10-15 suppliers audited in 2021.
- To continue supplier social responsibility management, and reduce the percentage of high-risk suppliers to less than 10% by 2025.

Responsibility

The CSR Office and the "SER Team" of global manufacturing headquarters cooperate with each other to enforce social and environmental responsibility management among suppliers.

Specific actions

- Creation of green product management platform and raw material control at source.
- 100% of new suppliers had signed the Supplier Commitment Statement in 2020.
- Risk self-assessment questionnaires were distributed to 62 suppliers through the Company's GPMS in 2020.
- Primax Group performed on-site audit on 12 main suppliers in 2020.
- In 2020, 3 supplier social responsibility courses were organized and a total of 62 suppliers had participated.
- In 2020, Primax promoted RBA guidance to 77 suppliers through mail.



Assessments

The Company outlines annual supplier management/audit plans and targets, invites suppliers to awareness and training courses, and shares experience and offers assistance as deemed necessary. Key suppliers are subjected to RBA risk assessment using questionnaire. Through proper management, on-site audit and tracking, the Company keeps track of improvements made by high-risk suppliers and ensures the effectiveness of its supplier review process.

Performance and adjustment

- A total of 139 suppliers had participated in social responsibilities training in 2020.
- In 2020, a total of 139 suppliers had participated in the annual supplier social responsibility training.
- As of 2020, a cumulative 1,139 suppliers had been subjected to social responsibilities survey, on-site audit, online/offline training, and promotion.
- 100% of audited suppliers had responded with CAP in 2020.
- Primax Group found no child labor, forced labor, or violation against freedom of association in any of its main suppliers in 2020.



Management of employee relations

GRI material topic: employment

Secondary topics:
labor-management relations, child labor, non-discrimination, forced or compulsory labor

SDGs:



Topic boundary

Taipei Headquarters/Dongguan Primax/Chongqing Primax/Kunshan Primax/Dongguan Tymphony/Huizhou Tymphony/Dongcheng Tymphony/Suppliers

Boundary limitations

No disclosure is made on Primax Group's R&D Office and Logistics Center as their employee size did not meet the materiality requirements.

Why important

The key to Primax Group's success is that we treat employees as the most important capital. We strive to create a safe, respected, ethical, equal and diverse environment where employees may work with passion and grow over time. Building good work environment and improving corporate performance provide the foundation for corporate sustainability.

Management purpose

In addition to maintaining strong business operations, Primax places the well-being of its employees at the top priority, and commits significant costs to developing human resources so that it may maintain its competitive advantage in terms of R&D. Primax attracts and retains industry's top talents as a means to stay competitive, which makes it one of job seekers' most ideal employers.

Policy

- Primax Electronics is committed to fulfilling its mission of "maximizing yield for shareholders and customers, and creating a joyful environment for employees to work in."
- Introduce "Healthy Workplace" as part of the employee care policy.

Goals

- Introduce "Safe Workplace" and "Friendly Workplace" as two higher level goals for bringing attention and sense of belonging to our employees.
- To comply with Act of Gender Equality in Employment, RBA code of conduct, and relevant international conventions.

Specific actions

- A "Line account" was created in Taiwan while a "Wechat account" was created in the Mainland to facilitate more effective communication.
- For the protection of employees' interest, Tymphony continued converting new recruits into permanent employees after three months of service.
- Primax surveyed stakeholders' attention on various CSR topics, and recovered a total of 690 questionnaires.
- Primax continued hosting the Primax Star event at its three production sites in China as a means to build a sense of honor and mission among employees.
- In addition to offering childbirth cash for each birth given by employee or spouse, Primax also provides employees with childcare subsidies at NT\$7,000 per child (age 0-6) per year and sources childcare service from professional institutions. A sum of NT\$3,328,500 was paid between 2017 and 2020.



Assessments

- A broad diversity of grievance and communication channels have been implemented to gather employees' opinions and address issues that concern their interests.
- Communication meetings, labor-management meetings and welfare committee meetings are convened on a yearly basis. Employees are given the opportunity to express their needs and suggestions. The Company strives to satisfy employees' requests to the extent deemed capable and reasonable, and thereby minimize chances of dispute.
- Employee satisfaction survey provides useful reference to the Company's HR management, and enables more effective action plans that in turn raises employee satisfaction further for stronger employment relations.

Performance and adjustment

- Taipei headquarters continues to be certified for Top Nursery Facility.
- Taipei Headquarters received employee childcare subsidy and work-life balance subsidy from Ministry of Labor for a sum of NT\$271,000.
- Dongguan Primax passed Non-state Owned Enterprise Union Service Enhancement Evaluation by Guangdong Federation of Trade Unions.
- No violation of human rights or discrimination.
- There had been no discrimination, use of child/forced labor or any violation of human rights within Primax Group in 2020.
- Primax Group was 100% compliant with the Labor Standards Act in regards to the employees hired. No violation, complaint or major incident had occurred in 2020 in this regard.
- Compensations and benefits offered by Primax Group were entirely compliant with local regulations.
- Employee salary and welfare expenses totaled NT\$8,326,641 thousand in 2020, representing approximately 12.20% of revenues.



Safe and healthy workplace

GRI material topic: Occupational Health and Safety

SDGs:



Topic boundary

Taipei Headquarters/Dongguan Primax/
Chongqing Primax/Kunshan Primax/Dongguan
Tymphony/Huizhou Tymphony/Dongcheng
Tymphony/Suppliers/Contractors

Boundary limitations

With respect to Occupational Health and Safety, the report discloses occupational safety systems and performance of various sites within Primax Group, as well as the actions they took to reduce occupational hazard and promote health, supported by data such as injury rate and work-related death. Primax Electronics works with thousands of supply partners, which is why it is impossible to obtain comprehensive occupational safety information on all partners. Primax Group audits and inspects key suppliers annually on various issues including occupational safety management. Any defects exhibited by suppliers are tracked for improvement within a given time.

Why important

Primax does not compromise on employees' safety. Health is the greatest wealth a person can have, and is the foundation of a brighter future! Primax has always valued employees' health. We believe that the greatest care we can offer to employees is to provide them with a healthy and safe work environment. It is our conviction that a healthy, secured and happy work force contributes higher loyalty and output.

Management purpose

Raise employees' safety awareness and create a safe, healthy and comfortable work environment.

Policy

- Comply with laws; prevent pollution, conserve resources, enforce safety, health and total communication, and make ongoing improvements.
- Respect environment, safety and health as the foundation for business operations; introduce products and services that are friendly to the environment.

Goals

- Occupational health management:
 - Zero occupational illness.
 - 100 % utilization of protective gear while working.
 - More than 95% of employees in special positions subjected to health checkup.
 - 100% correction of customer-raised defects.
- Safe production management:
 - Zero safety incident.
 - Zero fire accident.
 - Work injuries had reduced by 10% compared to the base year (base year: 2012, in which a total of 10 incidents were observed. to reduce the number of incidents down to 7 or by 25% by 2020).
 - 100% correction of customer-raised defects.

Specific actions

- Dongguan Primax/Chongqing Primax/Kunshan Primax obtained certification for ISO 45001 Occupational Health and Safety in 2019.
- Dongguan Tymphony passed certification for ISO 45001 Occupational Health and Safety in 2020.
- Taipei Headquarters adopted ISO 45001 - Occupational Health and Safety Management System in 2020.
- Dongcheng Tymphony passed inspection for ISO 45001 - Occupational Health and Safety Management System in 2020 and expects to obtain certification in 2021.
- In 2020, Primax Group held occupational safety-related training for a total participant count of 3,817, and incurred total training expenses of NT\$325,890.
- Number of participation in emergency response drills totaled 24,853 across Primax Group in 2020.

Assessments

- Primax Taipei Headquarters, all Mainland plants, and Tymphony have Occupational Health and Safety management units in place to execute the Occupational Health and Safety system. These special units also conduct hazard identification, risk assessment, and make ongoing improvements each year.
- All business locations hold Occupational Health and Safety committee meetings on a regular basis. There is also a safety team that patrols the plant site, organizes health checkups, Occupational Health and Safety training, and carries out safety and health practices on a regular basis.



Performance and adjustment

- No occupational illness had occurred within Primax Group in 2020, and there was no major occupational hazard that resulted in death.
- No Primax Group worker suffered work injury in 2020.


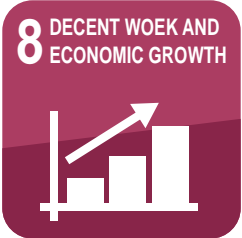





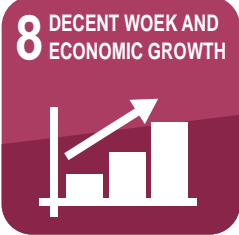
Response and contribution to United Nations Sustainable Development Goals (SDGs)



Goals	Targets
 <p>1 NO POVERTY</p>	<p>1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.</p> <p>1.4 By 2030 ensure that all men and women, particularly the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership, and control over land and other forms of property, inheritance, natural resources, appropriate new technology, and financial services including microfinance.</p> <ul style="list-style-type: none"> • A volunteer club has been assembled within Primax to rally those who understand and appreciate these missions into action. • PrimaxTaipei Headquarters has been granting 3 days of paid volunteer leave to employees since 2019 as a means to encourage participation in charity activities. • Primax Group's charity events achieved a total participation count of 1,357 in 2020 and incurred NT\$8,221,820 in expenses. • PrimaxTaipei Headquarters donates NT\$2 million each to Junyi Academy, House of Dreams, and Cheng Zhi Education Foundation on a yearly basis. • Primax conducts SROI assessments on Tao-yuan Elementary School, a KIST (KIPP-Inspired School in Taiwan), and the local Taoyuan community. The organization also makes high-volume purchases of pineapples grown in Taoyuan, coordinates with Bulaku in group purchases, and invites students of Tao-yuan Elementary School to corporate visits in an attempt to connect employees to the local community. <p>Please see "Column - SROI Evaluation Project" in section "4.5 Care for public interest" for more details</p>
 <p>4 QUALITY EDUCATION</p>	<p>4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.</p> <ul style="list-style-type: none"> • Primax organized an e-Sport Career Camp to give young people the proper introduction and experience of various professions in the e-sports industry, and thereby helping them explore possible career paths. <p>Please see "Column - e-Sport Career Camp" for more details</p> <ul style="list-style-type: none"> • Under the leadership of the Chairman, Primax Electronics continues to direct attention towards issues concerning education, and support Cheng Zhi Education Foundation in adopting "Science-based Solution to Equality and Progress" and fulfilling its vision of helping children develop the knowledge, skills, and characters needed to accomplish their dreams. The two organizations have been working together to bring in new educational perspectives and models, attract talented teachers and principals, unlock children's potentials, and transform the campus culture and values in such a way that opens up possibilities for schools in remote areas. <p>Please see "Column - SROI Evaluation Project" for more details</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.</p> <p>4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples, and children in vulnerable situations.</p> <p>8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.</p> <ul style="list-style-type: none"> • An internship program was planned in the 4th quarter of 2014 and later implemented in 2015 to train the talents needed for China Manufacturing. Through the internship program, students are able to identify their interests and career path and develop theoretical and practical skills in relevant fields. Technical talents that exhibit relatively high loyalty are accepted into the talent reserves program. The internship program was suspended in 2020 as Taiwan and China were both impacted by COVID-19. By the end of 2020, the program had helped 91 interns secure employment. <p>See "Column - Industry-academia collaboration in practice" in the 2018 report</p>



Goals	Targets
 <p>4 QUALITY EDUCATION</p>	<ul style="list-style-type: none"> Motivated by the corporate culture to “promote decency and serve the common good of people,” the CSR department of Dongguan Primax sent an assessment team to Xinhua Compassion Education Foundation in March 2018 to conduct a field verification, and thus began an ongoing charity program called “Primax Pearl Class.” Approximately 500 employees from Taipei Headquarters and Dongguan Primax responded to the call and joined Hope for Pearl; they worked with the company to introduce the first “Primax Pearl Class” and raise funds for the second Primax Pearl Class in November 2019, helping top-performing yet underprivileged students complete senior high school studies while preparing them for national exams and a world of opportunities to come. As of December 9, 2020, the two Primax Pearl Classes accumulated total participant count of 1,001 and raised NT\$771,524 in funds. For more details, please see “Column - Hope for Pearl” and “Subcolumn - Primax Pearl Class” in the 2019 report 4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples, and children in vulnerable situations. 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> At Primax Group, we value people and assure employees the respect and dignity they deserve. These are the reasons why we have implemented equal employment policies and engage local employees in full communication, so that employees are treated fairly anywhere we operate. For the protection of employees' interest, Tymphony has been converting new recruits into permanent employees after three months of service since 2019. Please see “4.1 Employee overview” In addition to ensuring fair treatment across all employees, Primax takes pro-active steps toward preventing discrimination and use of child/forced labor in the workplace by establishing principles based on guidelines of Responsible Business Alliance (RBA) and international conventions. We make it our responsibility to create a fair, safe and comfortable working environment, and eliminate bonded labor, underage labor, and excessive work hours throughout the organization. Primax Group found no discrimination or use of child/forced labor in 2020, and encountered no material complaint or occurrence relating to the above issues. Please see “4.1 Employee overview” As part of our effort to bring diversity into the workforce and care for the under-privileged, Primax recruits foreign employees in addition to locals and hires a minimum number of people with disabilities each year, thereby providing them an opportunity to put their skills to work and make a living on their own. In 2020, Primax Group hired 20 foreign workers and 72 people with disability. Please see “4.1 Employee overview” Primax hires blind masseurs and masseuses to relieve employees from the stress and discomfort caused by prolonged use of computers. The hiring of blind masseurs and masseuses provides job opportunities for people with disabilities, and is believed to have worked in favor of multiple parties. Please see “4.4 Safe and healthy workplace” Primax Group strives to ensure equality in salary and eliminate gender discrimination in the workplace by reducing salary difference between genders as much as possible. Recruitment and salary decisions are made based on employees' grades, and are not differentiated in any way by gender. Please see “4.2 Productive labor-management relations” Primax provides employees with childcare subsidies at NT\$7,000 per child (age 0-6) per year and sources childcare service from professional institutions. A sum of NT\$3,328,500 was paid between 2017 and 2020. Please see “4.2 Productive labor-management relations”



Goals	Targets
 <p>4 QUALITY EDUCATION</p>	<ul style="list-style-type: none"> • Primax Group values employees' career development, and offers a multitude of convenient learning channels to help employees develop new knowledge and skills. These learning channels have been designed to inspire employees' skills and potentials, and make their learning efforts more meaningful. All employees are entitled to receive training. In 2020, employees of the Group completed 143,023 hours of training in total, averaging 12.35 hours per employee. Total training expenses amounted to approximately NT\$7,413 thousand. Please see "4.3 Support for skill development" • Primax Group offers full protection for employees' rights and adopts a fair promotion system. It has a performance evaluation system that clearly outlines available rewards, disciplinary actions, performance standards and evaluation criteria for each job role. Employees' performance is evaluated on a yearly basis, and the outcome affects year-end bonus and salary adjustment. Please see "4.2 Productive labor-management relations" • Primax Group has a robust career development and promotion system available to cater for our employees from recruitment, transfer, to retention. These systems have been designed not only to support employees' career development, but also to inspire their potentials and open them up to whole new opportunities. Please see "4.3 Support for skill development"
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>8.7 Take immediate and effective measures to secure the prohibition and elimination of the worst forms of child labor, eradicate forced labor, and by 2025 end child labor in all its forms including recruitment and use of child soldiers.</p> <ul style="list-style-type: none"> • All operations of Primax Group strictly comply with laws, industry standards and customers' requirements regarding prohibition of child labor and underage labor. The Group evaluates child labor risks on a yearly basis, and has implemented policies in accordance with globally recognized human rights principles to prohibit the use of child labor. Primax applies this requirement uniformly across all suppliers, and has implemented rules and measures to eliminate use of child labor throughout the supply chain. No presence of child labor was found in Primax Group or its suppliers in 2020. Please see "4.1 Employee overview" and "3.3 Sustainable supply chain management"
	<p>8.8 Protect labor rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment.</p> <ul style="list-style-type: none"> • Primax Group undertakes active prevention and enhanced training to improve the safety of its factory environment while at the same time minimize work injuries. In 2020, Primax Group held occupational safety-related training for a total participant count of 3,817 (including 254 for security officer training), and incurred total training expenses of NT\$325,890. • The Company organizes evacuation and accident drills from time to time to improve employees' response. We aim to further expand our emergency response system to better protect our employees in the event of fire, earthquake, explosion, natural disaster or workplace accident. Number of participation in emergency response drills totaled 24,853 across Primax Group in 2020. • Primax Electronics monitors workplace safety and health through statistics, and analyzes the cause, type and nature of injuries occurred so that the Company may develop precise and feasible ways to improve. The Company only experienced minor, isolated incidents in 2020, and encountered no major accident that resulted in significant losses or death, or report of occupational illness. • All business locations hold Occupational Health and Safety committee meetings on a regular basis. There is also a safety team that patrols the plant site, organizes health checkups, Occupational Health and Safety training, and carries out safety and health practices on a regular basis. • The Group organizes regular health checks with more comprehensive coverage than what the laws require. Employees who have been identified as a high-risk group will be closely monitored by nurses and given complimentary re-checks six months later. These efforts are intended to enable early discovery and treatment of life-threatening diseases.

Goals	Targets
	<ul style="list-style-type: none"> Occupational Health and Safety units have been established at all sites to address issues concerning employees' health and safety. Dongcheng Tymphany passed inspection for ISO 45001 - Occupational Health and Safety Management System, whereas Taipei Headquarters adopted ISO 45001 - Occupational Health and Safety Management System in 2020. <p>Please see "Appendix 3 - List of Management Systems" in section "4.4 Eliminating hazards" for more details</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.</p> <ul style="list-style-type: none"> Dongguan Tymphany adopted material flow cost accounting (MFCA) in 2018. Waste reduction actions were adopted throughout the Group, including: reuse of alcohol wipe, rag reduction, recycling and reuse of waste containers by suppliers, introduction of UV photolysis to the gluing process for extended potency of active carbon and reduced volume of waste carbon, prohibited offering of plastic bags at commissary, replacing plastic bags with reused carton boxes, prohibition of disposable utensils at employee diner, and waste sorting and recycling at factory sites. Hazardous waste volume is being reduced by 2% per year. Hazardous waste is properly classified, weighed, stored and managed. Dongguan Primax and Dongguan Tymphany received Platinum Certification in customers' "Zero Waste Landfill" initiative in 2020. Starting from 2016, all annual reports and conference manuals used in annual general meetings are being printed on FSC-certified paper using soy-based ink for environmental protection. <p>See "3.1 Green production management" and "3.2 Green product management"</p>
 <p>13 CLIMATE ACTION</p>	<p>13.3 Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.</p> <ul style="list-style-type: none"> 7 of Primax Group's major sites have developed greenhouse gas, water resource, and energy management procedures in accordance with ISO 14001 - Environmental Management System (except for Taipei Headquarters), ISO 14064-1 - Greenhouse Gas Inventory, and ISO 14046 - Water Footprint, ISO 50001 - Energy Management System, and have been verified for all of the above systems. All mouse products have obtained "Carbon Label Certificate for Mouse" and "Carbon Reduction Certificate" from EPA. Dongguan Tymphany adopted material flow cost accounting (MFCA) in 2018. Primax's Liuwu Plant implemented a reclaimed water system in 2019 to recycle and reuse production effluents. 7 of Primax Group's major sites have transitioned to surveying greenhouse gas according to the ISO 14064-1:2018 standard, and included emission categories 3-6 in 2020. An assurance statement is expected to be obtained in 2021. Primax Group adopted the SBTi approach to set carbon-reduction goals for the medium term in 2020. We coordinate annually with our customers for supply chain survey of greenhouse gas, energy use and water resource in accordance with the Carbon Disclosure Project (CDP). All major production sites execute energy conservation plans on a yearly basis. Carbon reduction volume was estimated at 2,977,658 kg CO₂e. 7 major sites of Primax Group continued to pass verification for ISO14046 Water Footprint in 2020. 7 major sites of Primax Group continued to pass certification for ISO 50001 Energy Management System in 2020. Dongguan Primax and the Chongqing Plant purchased additional renewable energy certificate in 2020, offsetting approximately 7,432 tonnes CO₂e to date. TCFD framework was adopted in 2020 for systematic identification and management of climate change risks and opportunities. <p>See "3.1 Green production management"</p>

2



Governance

Responsibility management
through integrity

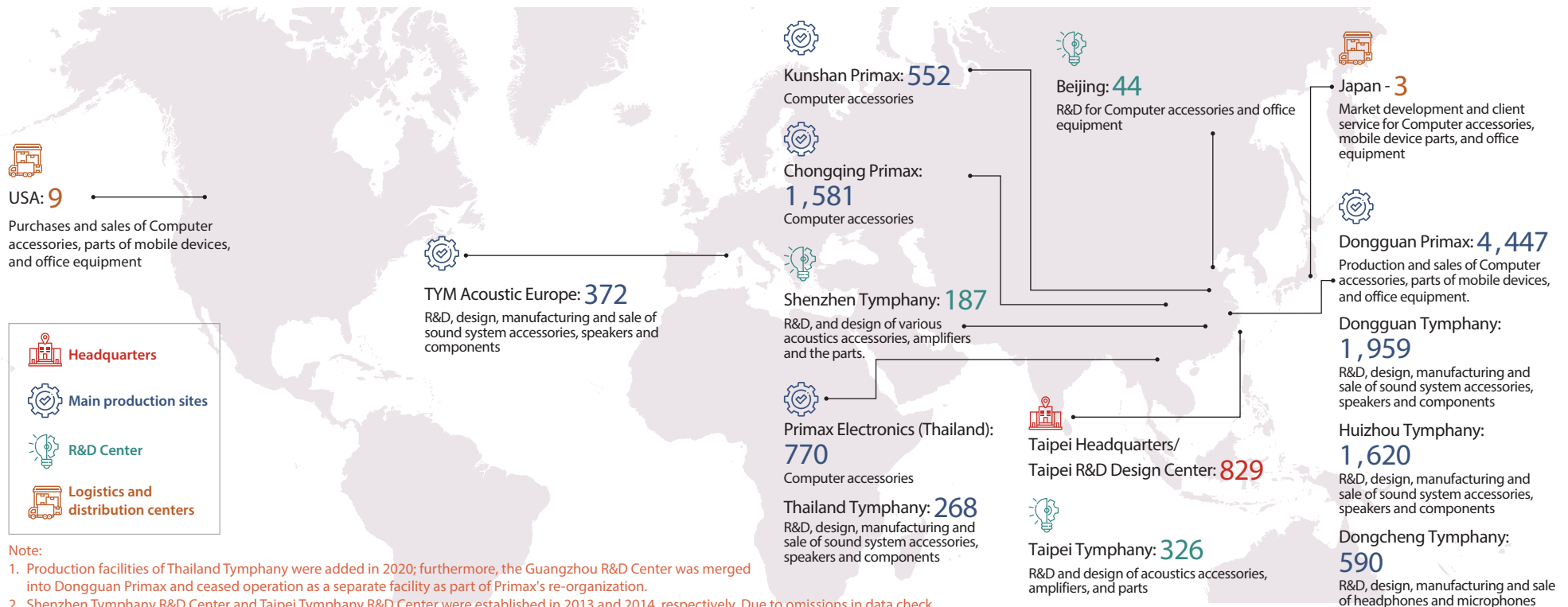
- 2.1 Company profile
- 2.2 Corporate governance
- 2.3 Consistent operations
- 2.4 Risk management

2.1 Company profile

Global deployment

The global headquarter of Primax Electronics is located at Neihu District, Taipei City, whereas Liuwu Plant in Dongguan, China, is the Group's main production site and specializes in mass production. Liuwu Plant also manufactures products for Tymphany. Other Primax products are produced by Kunshan Plant and Chongqing Plant. Primax Electronics continued to promote Industry 4.0 upgrades and regional manufacturing as part of its production planning in 2020. In addition to existing production facilities in China, the Thailand Plant commenced mass production in 2020 and has since been contributing revenues and risk diversification to the Group. New production facilities are also expected to be completed in Thailand by the end of 2021, which will contribute to further diversification of production activities within the Group.

Subsidiary - Tymphany has most of its production facilities located in Huizhou and Dongguan, China, and in Czech Republic under the company name TYM Acoustic Europe; it specializes in the R&D, design, manufacturing and sale of audio accessories, headphones and microphones. Meanwhile, we have R&D centers located in Beijing, Shenzhen, and Taiwan, as well as logistic centers and sales offices established in USA and Japan to serve the world's major consumer markets and provide better and faster service to customers. Overall, we envision ourselves as a supplier of IT, electronic and consumer product solutions.





Company profile

Company name	Primax Technology Co., Ltd.
Nature of corporate ownership	Openly issued and publicly listed company (stock ID: 4915)
Paid-up Capital	NT\$4,516,243 thousand
Main products	Design, development, manufacturing, and sale of computer peripherals, mobile device components, office machines, communication accessories, smart home solutions, AI-assisted surveillance solutions, networking/multimedia products, acoustic products, and automobile electronics.
Date of establishment	2006 (initially founded in 1984)
Chairman/General Manager	Liang, Li-Sheng
Headquarters	No. 669, Ruiguang Road, Neihu District, Taipei City
Consolidated revenues - 2020	NT\$68,240,939 thousand
Total group head count (scope of disclosure of this report)	11,578
Total group head count (global operations)	13,557

Shareholder structure and shareholding percentage

Individuals - **30.47%**

Shareholder count - 21,391
Shares held - 137,593,764

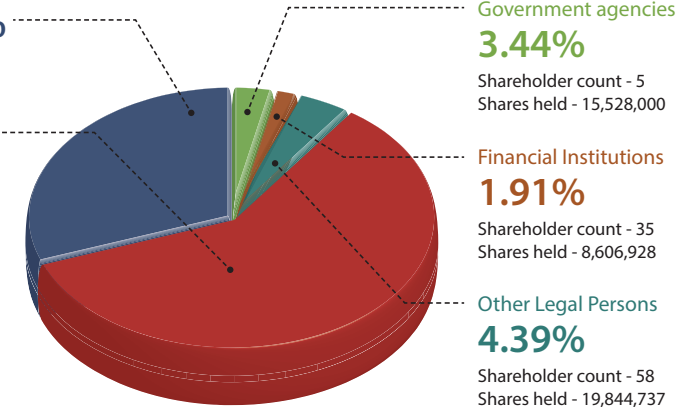
Foreign Institutions and Foreigners - **59.79%**

Shareholder count - 282
Shares held - 270,050,895

Total shareholder count - **21,771**

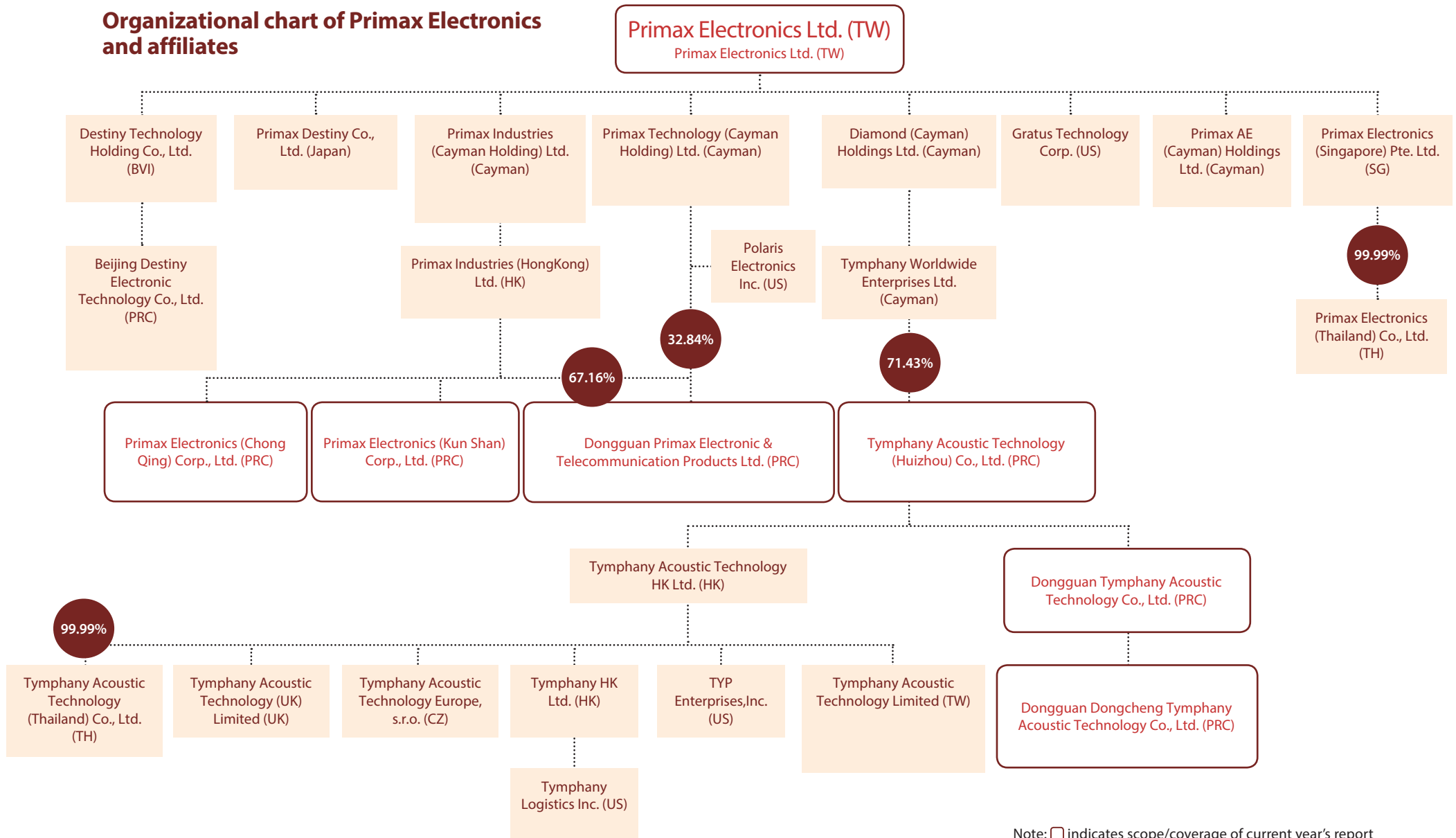
Total shares held - **451,624,324**

As of April 25, 2020





Organizational chart of Primax Electronics and affiliates

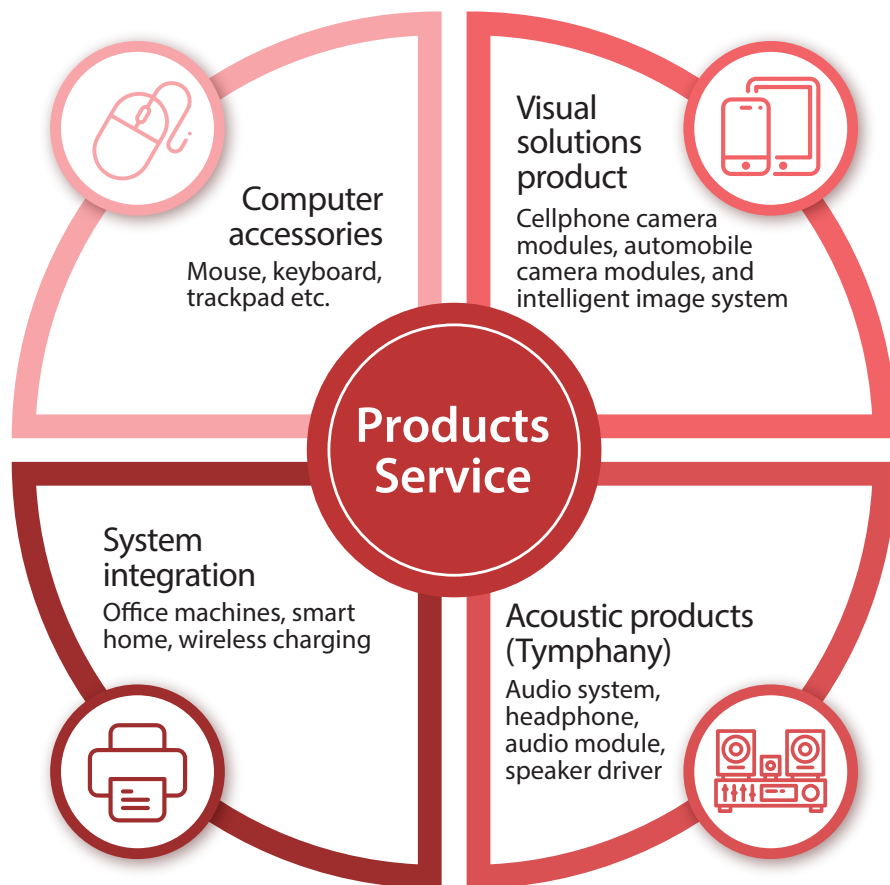


Note: □ indicates scope/coverage of current year's report

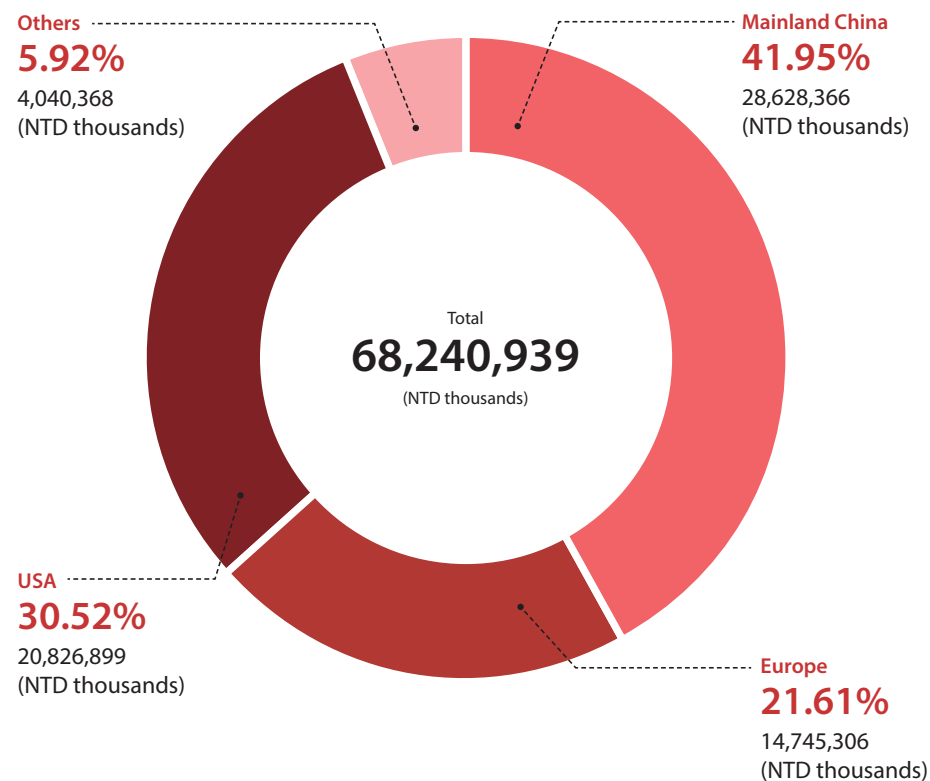


Products and Services

Primax Electronics Ltd. was incorporated in Taiwan in March 1984, and after more than 30 years, Primax has grown into a renowned design manufacturer. Primax produces a wide variety of products that can be classified into the four main categories:



Primax Electronics is a world-class ODM of I/O equipment and consumer electronics. We specialize in integrating and producing complex products, such as advanced mice and keyboards, multifunctional printers, cellphone camera modules, automobile camera modules, smart speakers, AI-assisted surveillance solutions, smart locks, video conferencing equipment, and acoustic products. The Group sells its products mainly to world-renowned brands. It has developed strong business relationship with upstream and downstream partners, and is recognized as an important business associate by the major brands it works with. The Group also collaborates with its customers on the research, development, design and manufacturing of various products, accessories and components.





The Group's two core product categories are computer accessories and non-computer accessories. Computer accessories is a relatively mature industry, and its applications are no longer limited to conventional computers, but are expanding towards new high-end technologies such as touch control, voice control, hand gesture, wearable devices and e-sports. Non-computer accessories, on the other hand, focuses development efforts on capturing market trends and consumers' needs particularly with regards to cloud computing, visual solutions, smart driving, Smart Home and Internet of Things. The Group's existing product strength also gives it a strong position in exploring applications in the field of automobile electronics.

In terms of manufacturing technology, Primax Electronics remains committed to its goal to optimize product quality and yields. Meanwhile, the organization is actively adopting the concept of Industry 4.0 and has initiated a series of transformation and improvements to the manufacturing process as well as R&D capacity to further enhance its competitive advantage, thereby preparing the organization for the next stage of growth. Primax invests pro-actively into innovative R&D as a means to satisfy customers' diverse requirements. R&D expenses totaled NT\$2,555,565 thousand for 2020, representing 3.74% of operating revenues. For more details on recent R&D accomplishments, please see "P77-78 of the 2020 Annual Report."

Non PC Peripheral Products



Visual solutions product

Products:

Cellphone camera modules, automobile camera modules, and intelligent image system

Development focus:

3D sensing, smart lens, customization, slim-type, auto focus, multi-lens high pixel, high ISO, fast focusing, image stabilization

System integration

Products:

Scanner, printer, all-in-one equipment, webcam, wireless charging

Development focus:

High-speed multifunctional all-in-one module, mobile printer, smart home, smart home solutions, networking/multimedia equipment, video conferencing equipment

Acoustics (Tymphany)

Products:

Audio system, headphone, audio module, speaker driver

Development focus:

Smart audio system, smart headphone, professional audio system, IoT, automobile application

Computer accessories

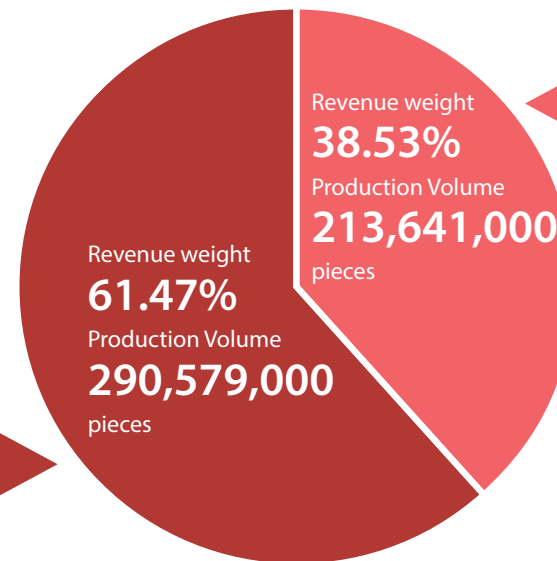


Products:

Mouse, keyboard, stylus, game controller, presentation remote, pen tablet

Development focus:

High-end e-sport, AR, VR

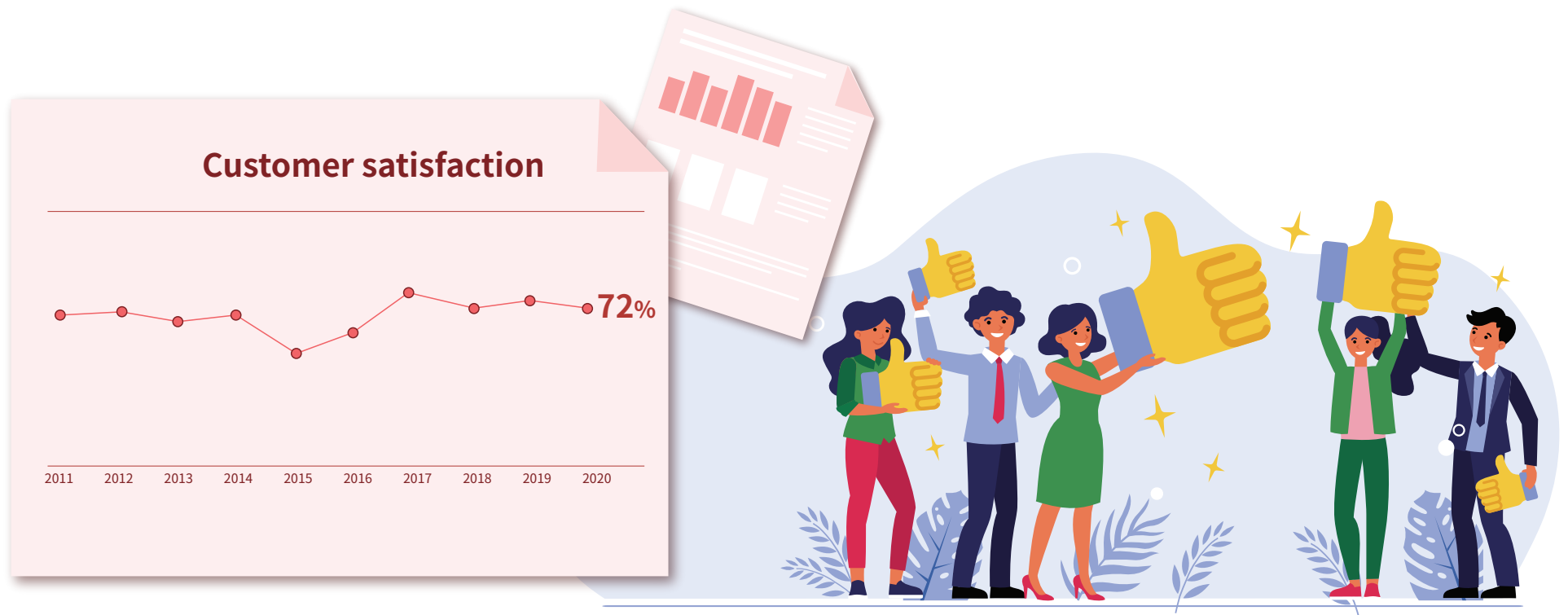




Customer satisfaction

Primax Electronics is persistent in delivering high-quality products and services, and dedicated to ensuring total customer satisfaction. It strives to maintain technological and manufacturing capacity at levels that are adequate to deliver high-quality products and services to customers. Every employee is motivated by the initiative and teamwork to "do things right on the first try," "eliminate waste," and make continuous improvements to internal procedures.

The Company has service procedures, satisfaction surveys and complaint handling procedures in place to investigate customers' complaints, identify the cause of problem and distinguish areas of responsibility. Customer satisfaction survey is conducted on a yearly basis to obtain customers' opinions with regards to "quality," "price," "R&D and technology capacity," "delivery and control," and "overall performance." The findings help us assure the best services to customers. 72% of customers were satisfied with Primax's products and services in 2020, down 3 percentage points from 2019. Out of respect for customers' opinions, Primax has delved into the main causes for the decline in customer satisfaction, and will continue making improvements in the future.



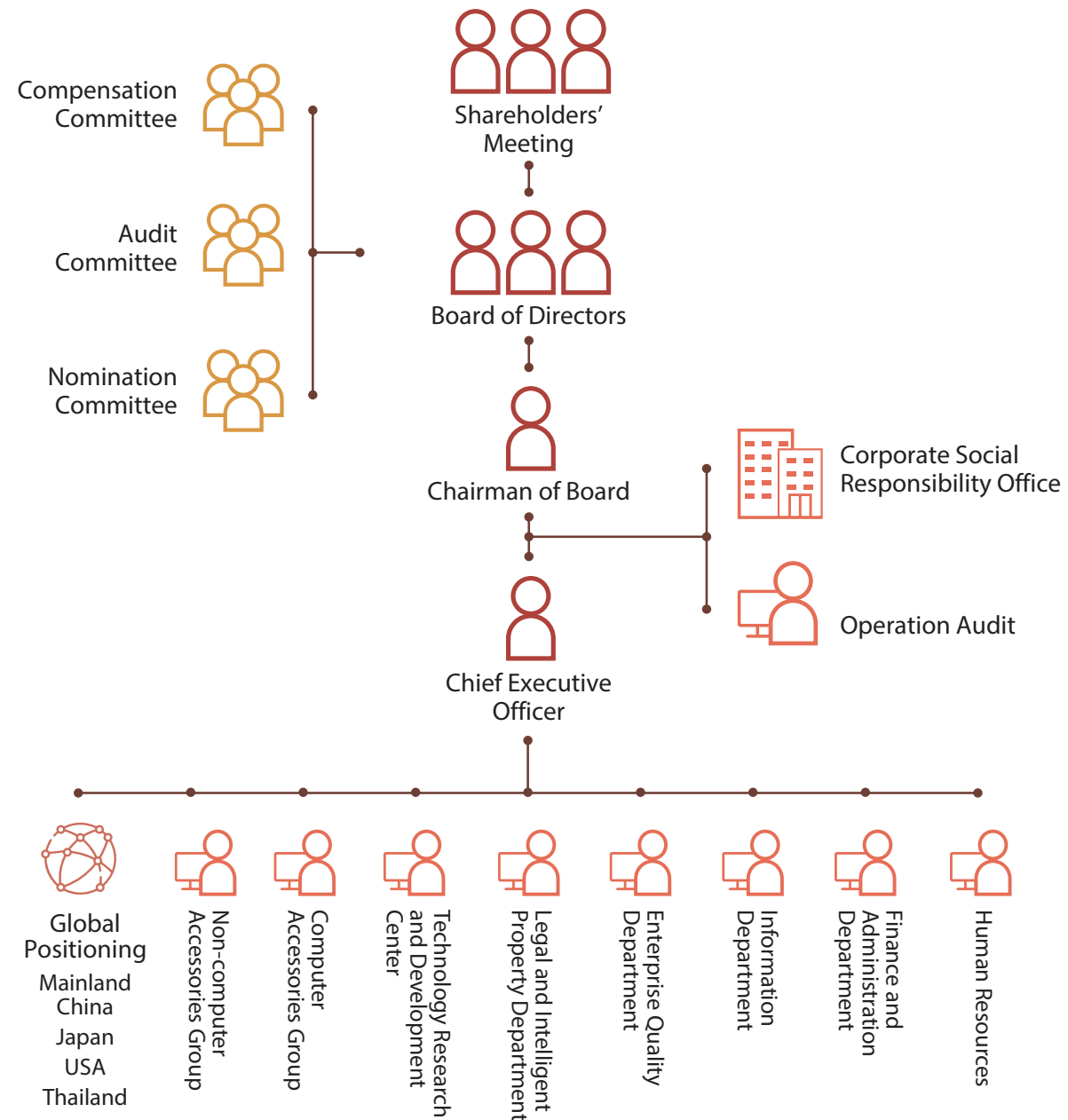
2.2 Corporate governance

Full empowerment and responsible governance

Corporate governance framework

The board of directors of Primax Electronics has long adopted high standards of corporate governance, even higher than what some laws require, as the foundation of its operations. This high level of corporate governance ensures the efficiency of board functions, protects shareholders' interests, and provides the critical foundation to the Company's sustainability.

To further enhance the structure and functionality of the board of directors, functional committees including a Compensation Committee, an Audit Committee, and a Nomination Committee (March 2017) have been assembled under the board of directors. Together, they assist the board in various responsibilities. The size, term, responsibilities, and conference rules of Audit, Remuneration, and Nomination Committees are governed by "Primax Electronics Audit Committee Charter," "Primax Electronics Compensation Committee Charter," and "Primax Electronics Nomination Committee Charter," which are available on the Company's website and on MOPS. Details of committee activities have been disclosed in "P18-P32 of the 2020 Annual Report."





Composition of the board of directors

Board members at Primax Electronics are first nominated from persons of adequate capacity according to Article 16 of "Articles of Incorporation," and later elected by shareholders in a transparent, electronic voting session. All members possess adequate capacity, knowledge and experience to accomplish the required duties and obligations. All directors have placed the Company's and shareholders' long-term interests at the top of their priority, and formulated strategies in an objective manner. The board of directors convenes meetings at least once per quarter. Service of the current board commenced May 30, 2018, and a total of 25 board meetings have been held up until the end of March 2021. Average attendance rate was reported at 93.1%.

Following the resignation of Chen, Jie-Chi, representative for corporate director - Sunshine Coast Services Limited, on January 7, 2020, the Company currently has eight directors on board including four independent directors (50%); two of the independent directors have served three years or less on board, while one independent director has 4-6 years of service history and one independent director has 9-12 years of service history. There were seven male directors (87.5%) and one female director (12.5%). In terms of age distribution, two directors were in the 71-75 age group (representing 25%), five were in the 61-70 age group (representing 62.5%), and one was in the 51-60 age group (representing 12.5%).

Introduction to board members

Title	Name	Gender	Major Experience/Education Background	Position(s) Concurrently Held in the Company or Other Companies	BOD Attendance Rate (by term)
Director/ General Manager	Liang, Li-Sheng	Male	Major in Business Administration, Tamkang University Chairman of Primax	Holdings Ltd. Director, Primax Electronics (Singapore) Pte. Ltd. Director, Primax Electronics (Thailand) Co., Ltd. Director	100%
Director	Yang, Chi-Ting	Male	MBA, University of South California, U.S. Chief Auditor, Chailease Finance Co., Ltd.	Chairman and General Manager of Chailease Auto Rental Co., Ltd., Chairman and General Manager of Apex Credit; Supervisor of Fina Finance & Trading Co., Ltd., Chairman of Asia Sermkij Leasing Public Co., Ltd., Chairman of Bangkok Grand Pacific Lease Public Co., Ltd.	92%



Title	Name	Gender	Major Experience/Education Background	Position(s) Concurrently Held in the Company or Other Companies	BOD Attendance Rate (by term)
Director	Pan, Yung-Chung	Male	Major in Electronic Engineering, Feng Chia University General Manager of Business Department, Primax	Primax Ind.(HK) Ltd. Director, Primax Tech. (Cayman Holding) Ltd. Director, Primax Ind.(Cayman Holding) Ltd. Director/ Legal Representative of Tymphony Worldwide Enterprises Ltd., Director of Tymphony HK Ltd., Director and General Manager of Tymphony Acoustic Technology (Huizhou) Co., Ltd, Executive Director and General Manager of Dongguan Tymphony Acoustic Technology Co., Ltd., Executive Director and General Manager of Dongguan Dongcheng Tymphony Acoustic Technology Co., Ltd., Director of Tymphony Acoustic Technology HK Ltd., Director of Tymphony Acoustic Technology Limited, Director of Gratus Technology Corp., Director, Tymphony Acoustic Technology (Thailand) Co., Ltd. Director, Primax Electronics (Singapore) Pte. Ltd. Director, Primax Electronics(Thailand) Co.,Ltd. Director	96%
Director/ General Manager of Business Department	Pan, Yung-Tai	Male	Major in Mechanical engineering, Chung Yuan Christian University General Manager of Business Department, Primax	Legal Representative Director of Tymphony Worldwide Enterprises Ltd., Deputy Chairman of Tymphony Acoustic Technology (Huizhou) Co., Ltd., Director of Tymphony Acoustic Technology Limited., Director of Tymphony Acoustic Technology (Thailand) Co., Ltd. Director, Primax Electronics (Singapore) Pte. Ltd. Director, Primax Electronics (Thailand) Co., Ltd. Director	92%
Independent Director	Ku, Tai-Chao	Male	Bachelor of Business, Law School, National Taiwan University Vice President, Taiwan Securities Exchange	None	96%
Independent Director	Cheng, Chih-Kai	Male	Graduate School of Management Science, National Chiao Tung University Senior Vice President, Synnext U.S.,	Director of Eureka Therapeutics (California), Chairman of B Current Impact Investment Inc., Director of Social Enterprise Insights, Director of H3 Platform, Chairman of B Current Impact Investment Inc. II, and Partner of Acorn Pacific Ventures.	96%
Independent Director	Wu, Chun-Pang	Male	MBA, University of Missouri, U.S. President, Taiwan Branch, Deutsche Bank	Director, Far Eastern International Commercial Bank	100%
Independent Director	Wang, Jia-Qi	Female	Kellogg School of Management, Northwestern University MBA Managing Director and Director, Zenith Consulting Co., Ltd.	Managing Director and Director of Zenith Consulting Co., Ltd., Managing Partner of CITIC Capital Holdings Ltd.	100%



Continuing education of directors

To improve performance of board members, the Company arranges training courses in accordance with "Primax Electronics Corporate Governance Principles" and rules of the authority on economic, environmental and social topics including: finance, risk management, business, commerce, accounting, law, corporate governance, integrity, ethics, and corporate social responsibilities. In doing so, we hope to assure the adequacy of board members' values, professionalism and capabilities. Director training courses totaled 17 enrollments and 51 hours in 2020. All directors have 100% complied with requirements of "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies." Re-elected directors are required to undergo 6 hours of training during term of service, while newly elected directors are required to undergo 12 hours of training. Details of directors' training are available in "P31 of the 2020 Annual Report."

Furthermore, board members were subjected to corporate sustainability, corporate governance, and anti-corruption training, and undertook courses on "Common Corporate Governance Defects and Legal Interpretations," "Corporate Governance and Social Responsibility Trends and Best Practices," and "Green Swan: ESG in Investments."

Directors' remuneration

A Compensation Committee has been created directly under the board of directors in accordance with "Primax Electronics Compensation Committee Charter" to review remuneration policies, systems, standards, and structures, and to approve and evaluate performance target for all directors, executives, and managers. None of the committee members undertook concurrent role within the Company during their service.

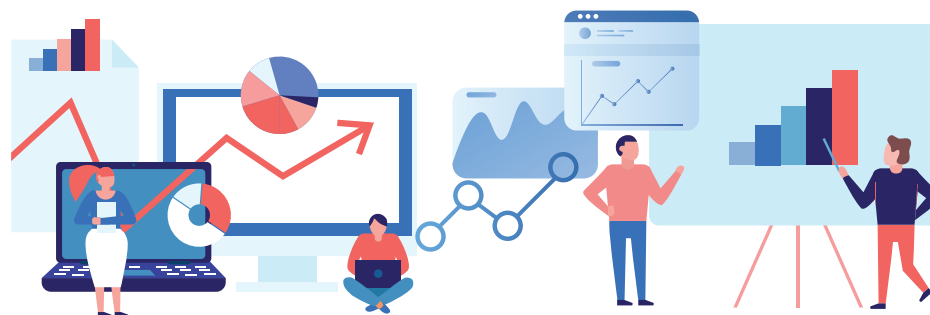
The remunerations of directors include rewards and compensations. Based on the Articles of Association, for the rewards of directors, shall there be profit, no more than 2% of it shall be contributed as the rewards of directors. This is subjected to the discussion of Compensation Committee and the resolution of Board, as well as the presentation to the Shareholders' Meeting. By referring the operating performance, the contribution to the such performance, and the outcomes of appraisal by the Board, the reasonable rewards are provided. The remuneration to Chairman is proposed by the HR Department with the considerations of competitive

environment, operational risks on the basis of the management regulations and bonus plan assessment. The Compensation Committee approves the proposal by assessing the performance, for the resolution of the Board. The relevant appraisals and reasonableness of compensations are reviewed by the Compensation Committee and the Board; the remuneration system is subjected to reviewing based on the actual operation and relevant laws and regulations.

Board performance evaluation

For sound corporate governance and improvement of board functionality, Primax Electronics has implemented a board performance evaluation policy since November 10, 2016 and disclosed it on the corporate website and MOPS. According to the policy, the Company is required to conduct internal board performance evaluation at least once a year, and engage an independent institution or expert team from outside the organization to conduct evaluation at least once every three (3) years. Performance evaluation for the current year needs to be completed by no later than the end of the year.

The outcomes of the assessment to the Board's performance shall be completed before latest meeting of Board in the next year. The scope of assessment includes performance of the whole Board, individual directors, and each functional committee (Audit Committee and Compensation Committee). The assessment approaches taken include internal self-assessment by the Board, self-assessment by the directors, and other means as deemed appropriate. Assessment outcomes of individual directors





and functional committees, as mentioned above, will serve as reference for directors' compensation, selection, and nomination in the future.

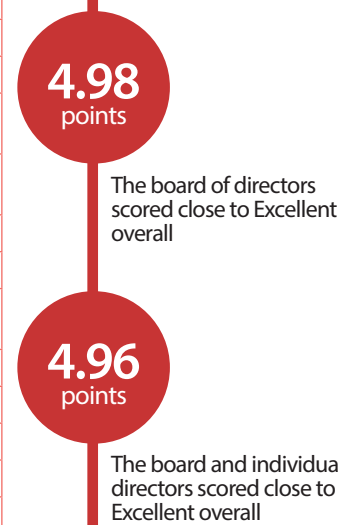
The Company arranged its first external assessment in 2017, and followed up with another external performance assessment on the board of directors, board members, and functional committees (Audit Committee and Compensation Committee) in 2020. External performance assessment was carried out by Vice President Cheng-Kuang Chu and Assistant Vice President Yu-Hsin Huang of KPMG Advisory Services Co., Ltd., using a combination of data analysis, questionnaire, and interview. Outcomes of the assessment were reported in the board of directors meeting held on January 22, 2021, along with improvement actions to be taken in 2021.

According to the assessment report produced by KPMG Advisory Services Co., Ltd., performance was scored on a scale of 1-5, as explained below:

Grade	Description
5 Excellent	Consistent with better international governance practices.
4 Good	Consistent with better domestic governance practices.
3 Average	Consistent with domestic regulations or general standards.
2 Improvement Needed	Minor inconsistency to the domestic regulations or general standards.
1 Material Improvement Needed	Severe deficiencies exist.

Scope and aspects of assessment

Subject	Measurement Area	Aspect Description
Board of Directors	9 Key Aspects and 89 Assessment Items	Establishing a functional board of directors
		Effective operation of the Board
		Professional development and continuing education
		Vision of the company
		Fulfillment of duties
		Supervision over the management
		Shaping of corporate culture
		Communication with stakeholders
		Performance evaluation
Director members	6 Key Aspects and 27 Assessment Items	Grasp of Company goals and missions
		Understanding of directors' duty and responsibilities
		Professional development and continuing education
		Fulfillment of duties
		Engagement with Company operations
Audit Committee	6 Key Aspects and 85 Assessment Items	Establishing a functional Audit Committee
		Effective operation of the Audit Committee
		Fulfillment of duties
		Establishment of whistle-blower mechanism
		Relationship with the Board
Compensation Committee	5 Key Aspects and 52 Assessment Items	Construction of a functional Compensation Committee
		Effective operation of the Compensation Committee
		Fulfillment of duties
		Relationship with the Board
		Performance evaluation





Overall assessment outcome: Policies and processes have been put into place for the Board as a whole and for individual directors in accordance with the relevant laws and domestic corporate governance indicators. Board directors possess the relevant qualifications and ability, and there is appropriate division of labor to ensure the effective function of the Board and functional committees (Audit Committee and Compensation Committee). Overall performance therefore ranged from Good to Excellent. The Company expects to organize its next external assessment in 2023.

The latest self-assessment in the performance of the Board of Director has been completed in December 2020. The Shareholders Service Department is responsible for performing assessments within the Company. It issues questionnaires to evaluate board performance, performance of individual board members, and performance of functional committees (including Audit Committee and Compensation Committee). This internal performance assessment has been completed and the outcome was reported during the board of directors meeting held on January 22, 2021. The board was deemed to have met all performance targets in the period of assessment, scoring an average of 4.98 that fell within the range of Good and Excellent; meanwhile, the board and individual directors averaged a score of 4.96 that fell within the range of Good and Excellent. Areas with favorable ratings: 1. The board has functioned properly. 2. The management is committed to their duties and maintains sound interaction with the board of directors; the Audit Committee is deemed to have met all performance targets, and was awarded an average score of 5 - Excellent. Areas with favorable ratings: The Audit Committee has functioned properly; the Compensation Committee is deemed to have met all performance targets, and was awarded an average score of 5 - excellent. Areas with favorable ratings: There are robust systems in place, indicating that directors provide adequate support to various functional committees currently operating under the board.



Areas with favorable ratings: There are robust systems in place, indicating that directors provide adequate support to various functional committees currently operating under the board.

Please refer to P20-22 and P25-27 of the 2020 Annual Report and company website for detailed information on board performance assessment and outcome of external assessment.

Avoidance of conflicting interests

The Company has implemented "Corporate Governance Code of Conduct" and "Business Integrity Procedures and Behavioral Guidelines," which state that, if a director, manager, board meeting participant or any of the corporate entity they represent is considered a stakeholder to a topic discussed in board meeting, the party must state the stakes involved during the current meeting session and shall disassociate from all discussions and voting if the stakes are in conflict against the Company's interests. In addition, the concerned party may not exercise voting rights on behalf of other directors. All of the Company's directors are highly disciplined in their conducts, and have managed to disassociate themselves from agendas that present conflicting interest. For more disclosures regarding avoidance of conflicting interests by the highest governance body, please refer to the corporate governance chapter in "P36 of the 2020 Annual General Meeting Report."

Nomination Committee

Primax's efforts to improve board functionality and management are being carried out in six main directions: "Effective corporate governance framework," "Protection of shareholders' interests," "Board empowerment," "Empowerment of functional committees," "Attention to stakeholders' interest," and "Information transparency." Primax's attention to corporate governance is evident in the attempts it has taken to improve board efficiency/diversity and support the government's governance initiatives.

The Company assembled a "Nomination Committee" in March 2017 in accordance with "Primax Electronics Nomination Committee Foundation Principles." The committee has 5 members including the Chairman, the General Manager, and 3 non-managing directors (including at least 2 independent directors) recommended by the board of directors. If the Chairman concurrently serves as the General Manager, the board of directors will recommend one senior manager to the committee. List of Primax Electronics Nomination Committee members:



List of Primax Electronics Nomination Committee members

Job role	Name	Gender	Academic and career background
Convener	Liang, Li-Sheng	Male	Business Administration, Tamkang University / Chairman of PRIMAX
Member	Yang, Chi-Ting	Male	Master of Business Administration, University of Southern California / Internal Audit Officer at Chailease Holding Company Limited
Member	Ku, Tai-Chao	Male	Bachelor of Law, National Taiwan University / Vice President of Taiwan Stock Exchange Corporation
Member	Cheng, Chih-Kai	Male	Department of Management Science, National Chiao Tung University / Senior Vice President of Synnex USA
Member	Wang, Jia-Qi	Female	Managing Director and Director of Zenith Consulting Co., Ltd., Managing Partner of CITIC Capital Holdings Ltd.

Main responsibilities of the Nomination Committee are to search for suitable director and senior manager candidates, propose a list of nominees for the Company's directors, General Manager, CEO, CFO, and directors and supervisors of subsidiaries, perform preliminary review on the list of candidates recommended by shareholders or the board for eligibility, education, career background and conditions listed in Article 30 of The Company Act, and report review results and recommended candidates to the board of directors. The committee also reviews the eligibility of nominees on a yearly basis or at times deemed necessary, and recommends replacement to the board of directors. The current Nomination Committee commenced its service on June 12, 2018, and has held a total of six meetings by March 31, 2021. Average attendance rate was reported at 92.9%.

Furthermore, owing to the efforts and contribution of employees and board members, Primax Electronics has performed exceptionally in corporate governance evaluations around the world, and was able to improve its ranking from the 21-35% tier in 2015

to the top 5% tier in 2016 and 2017, and settle in the 6-20% tier overall and 11-20% tier among electronic companies with market capitalization above NT\$10 billion in 2018. In 2019 and 2020, the Company once again reclaimed its position in the top 5% tier. This accomplishment is a strong indication of our resolve and execution toward enforcing corporate governance.

Tax policy

Primax Group has established its own tax policy to minimize taxation risk, optimize after-tax business performance and protect shareholders' interest, which in turn ensures compliance with tax laws and fulfillment of corporate social responsibilities.

1. All operating activities are carried out according to tax laws and related rules
2. Compliance with world-recognized transfer pricing principles published by OECD
3. Transparent financial reporting; all tax disclosures have complied with relevant rules, standards and requirements
4. Refrain from transacting solely for tax evasion purpose
5. Build relationship with the tax authority on the basis of mutual trust, transparency, and respect
6. Tax impact in all key decisions
7. Analyze the operating environment and adopt management systems for taxation risk assessment
8. Develop taxation expertise through ongoing talent training



Robust internal audit system

We believe "integrity, credibility and compliance" to be the foundation for sustainable business, which is why we have enforced external regulations in all of our business activities to ensure honest, transparent and responsible management. To enforce corporate governance and self-monitoring, Primax Electronics has developed an internal control system based on operating activities of the Company and subsidiaries and Regulations Governing Establishment of Internal Control Systems by Public Companies that incorporates five main elements: "Environment control," "Risk assessment," "Activity control," "Information and communication," and "Supervision."

The Company has established an Operation Audit unit comprising one head of audit and two specialists as an enhancement to corporate governance, internal control, and internal audit. The unit has been tasked to ensure the effectiveness of internal control system in accomplishing the Company's operational goals, and the effectiveness of self-inspection practices across all units. Primax's General Manager has been appointed as convener of this unit and is adequately empowered to inspect and evaluate the internal control system for defects and efficiency. In doing so, we ensure that design and implementation of the system continue to be effective in helping the board of directors and the management fulfill their duties and supporting sound corporate governance practice.

The operation audit unit had completed inspection of all internal departments according to the 2020 internal inspection plan. Departments are being required to make improvements to the various defects highlighted during inspection, whereas the chief auditor engages independent directors in meetings at least once per quarter to report the current progress of internal audit and control, and reply to whatever queries that independent directors may have. Each independent director is constantly updated on internal audit issues, and may call meetings or contact the chief auditor by phone at any time under exceptional circumstances.

Integrity, credibility, and compliance

Primax Electronics has implemented a set of "Business Integrity Procedures and Behavioral Guidelines" that emphasizes integrity in business dealings. Employees are prohibited from accepting inappropriate gains or engaging in improper competition, and are required to enforce information transparency, respect intellectual property

rights, protect the privacy of every business partner, and act responsibly when procuring supplies. The Company protects informants and has many different communication channels in place that allow employees to voice out freely without fear of retaliation. The Company contributes to cultural development and cares for the socially disadvantaged; it is actively involved in charity and constantly strives for improvement and compliance as a means of fulfilling social responsibilities.

Furthermore, the Company's "Work Rules" and "Employee Code of Conduct" require all employees to comply with laws and ethical guidelines when performing business activities, whereas suppliers and business partners are bound to sign a "Supplier Statement" in order to create a fair, honest, trustworthy and transparent trade environment.

Meanwhile, positions of special nature including but not limited to procurement, quality control, administration, warehousing and raw material control are rotated on a regular basis. The Company has a job rotation panel available to determine which positions are subject to rotation and how the rotation should be arranged. The panel announces its rotation guidelines in the beginning of each year, the Human Resources Department then follows and coordinates job rotation across departments, and produces an "Annual Job Rotation Plan" detailing the positions and the personnel involved for review by the panel. This practice works in favor of reducing risks of improper gain, and keeps the organization active at the same time.





Business integrity training

Primax Electronics organizes communication meetings, promotional videos and fun activities each year to convey integrity values in a comprehensive yet easily understandable manner. The Company also arranges for employees to undergo anti-corruption training.

Currently, all new recruits are required to undergo 8 hours of orientation within the first month onboard, which includes a 1-hour introduction to business integrity and ethics. Primax received a total of 4,539 new recruits in 2020 and delivered 4,539 hours of integrity/ethics training, which covered 100% of new recruits. Training for existing employees is still in the planning stage, and the Group plans to introduce online courses to its training program in the future. Tympany arranged a 1-hour RBA (and security) basic training for all new recruits in 2020; a total of 4,341 employees completed their SER training for a total of 4,341 hours during the year.

In 2020, Huizhou Tympany suspected 4 employees of requesting concessions from suppliers, and dismissed them in accordance with employee rules after thorough investigation. The subsidiary will increase the intensity of its integrity education for employees and communicate with suppliers on integrity principles more frequently in the future.



2.3 Consistent operations

In recent years, branded manufacturers around the world have found themselves in need to concentrate resources on brand management and R&D and reduce production costs at the same time. As a result, they gradually outsourced production activities to OEMs, which also reduces complexity of management. This business model has become the norm for all major branded manufacturers in the world, and given rise to enormous OEM opportunities. The Group's recent success in the establishment of production facilities at Dongguan, Kunshan, Chongqing and Huizhou in China and Thailand has enabled it to serve customers up close and reduce production costs, which worked in favor of securing OEM relationships with renowned U.S., European and Japanese brands.

Evolution of consumer electronics in recent years has shortened the lifespan of electronic products, which leaves shorter time for the design, development and mass production of new products. Meanwhile, intensified competition makes products susceptible to price pressure, causing the price of consumer electronics to fall over time and erode profits. The Group has developed strong, long-term business relationships with many renowned brands local and abroad. This relationship enables us to communicate with customers thoroughly during product development for a full understanding of their needs and market trends, so that products can be developed and mass-produced in time to meet market demands. We apply stringent control over inventory of special raw materials to prevent obsolescence loss. During the product design stage, we strive to make improvements to the production process that would minimize material wastage, and explore opportunities to improve production efficiency by introducing advanced equipment. In terms of product portfolio management, we constantly search for high-end and higher margin products that can add value and differentiate ourselves from competitors.

Wages in China have risen across many provinces in recent years, meanwhile, rapid economic growth in inland areas also discourage workers from staying in the coastal regions. This shortage of labor combined with rising personnel costs have significantly increased operating costs for businesses alike. The Group has assembled a specialized department responsible for implementing Industry 4.0 and the design and production of automated assembly equipment. Additionally, modular automated production equipment and processes are being introduced into the organization to improve and simplify production procedures for further reduction of manual labor

costs. Some of the Group's main development focuses in recent years are intelligent production and testing equipment, which have the potential to raise production efficiency and lower costs.

The Group has been successful at reducing production costs by leveraging its advanced technology development capabilities and efficient production models. Meanwhile, by securing performance and expanding supply chain of the Thailand plant, the Group was able to diversify business risks at a higher level and explore greater opportunities in the competitive OEM market.

Economic performance

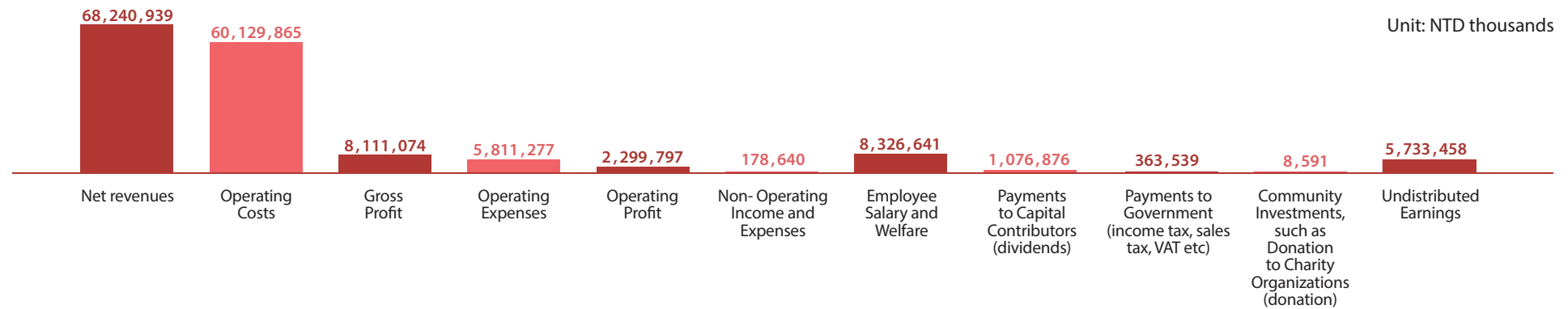
As soon as COVID-19 began to spread in 2020, Primax Electronics took a series of pro-active responses to secure its employees, supply chain, and cash flow, thereby enabling the Company to recover production capacity back to the pre-pandemic level in an extremely short period of time. Meanwhile, shipment commenced at the Thailand Plant to support production and supply of all product lines within the Group, which provided Primax Electronics with the level of resilience needed to mitigate operational and profitability impacts while majority of the world's economies suffered significant setback.

In terms of business performance, Primax Electronics achieved strong growth in the sale and shipment of products under the PC Peripherals segment, including customized gaming and office peripherals, due to increased home-based activities, thereby making PC Peripherals an important pillar to the Group's profits in 2020. As for optoelectronic products and application, consistent shipment of automotive camera modules and police body cameras helped diversify risks of cellphone cameras, and Primax even took further initiative to work with world's leading electric vehicle manufacturers on the development of automotive camera modules as components to the intelligent driving system. Demand for home entertainment systems recovered in the second half, and as a result, subsidiary - Tymphony was able to sustain shipment of acoustic products including smart speakers and smart headphones, and begin mass production of new projects such as high-end acoustics, home audio, and video conferencing solutions for next year's growth.

Overall, the Group generated NT\$68,240,939 thousand of consolidated net revenues worldwide in 2020, up 15.4% from the NT\$80,649,608 thousand concluded in 2019; consolidated net income totaled NT\$1,944,267 thousand in 2020, representing a 14.1% reduction compared to the NT\$2,262,919 thousand in 2018.



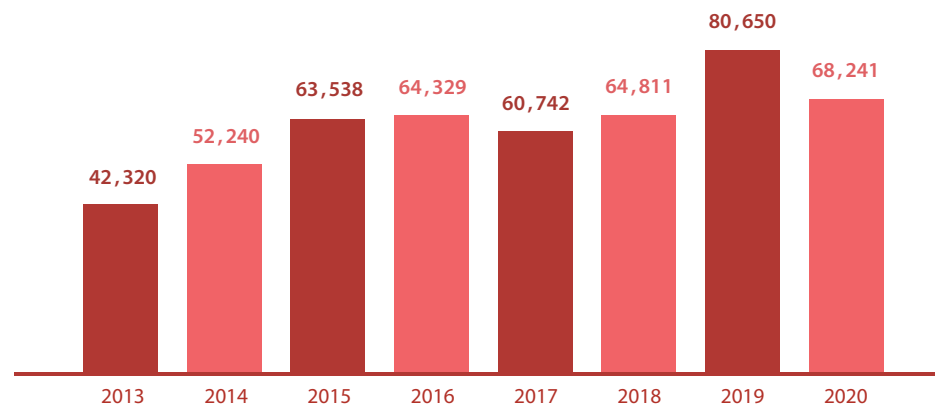
2020 consolidated revenues and profit of Primax Group



Primax consolidated revenues and net income chart

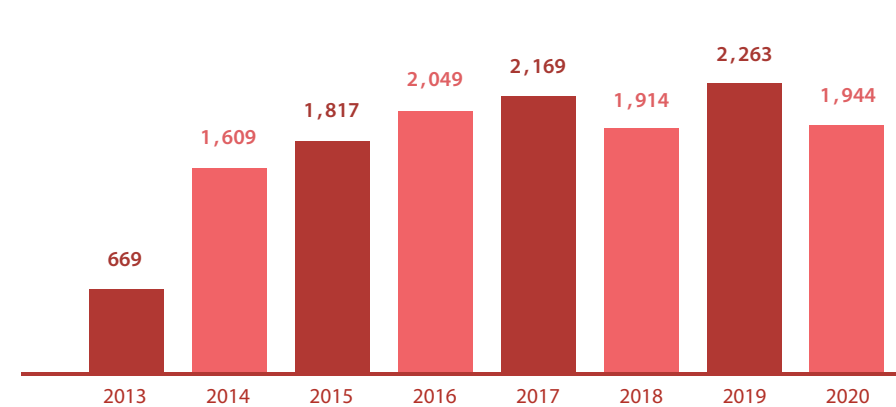
CAGR of consolidated revenues for 2020

CAGR: 7.1%



CAGR of net income for 2020

CAGR: 16.5%





Government subsidies

Office location	Name of subsidy/year	Amount of subsidy - 2020 (NTD)
Taipei Primax	2019 childcare subsidy from Ministry of Labor	256,000
	Subtotal	256,000
Dongguan Primax	Return of personal income tax withheld	455,800
	Export credit insurance incentives (provincial)	511,700
	2020 export credit insurance incentives (municipal)	1,285,700
	2019 provincial enterprise technology improvement	12,212,000
	Technicians training grant from Dongguan Municipal Government	430,000
	Engineering Technology Center construction funding from Guangdong Provincial Government (Dongguan scheme)	860,000
	Additional tax deduction on salaries paid to persons with disability	1,720,000
	Additional tax deduction on R&D expenses	40,377,000
	2019 automation grant from Dongguan Municipal Government	4,377,830
	2020 export credit insurance incentives (municipal)	2,330,170
	2020 growth stabilization subsidies for exporting enterprises	842,800
2020 export credit insurance incentives	720,189	
	Subtotal	66,123,189
Chongqing Primax	Industrial cost reduction subsidies	645
	Industry leader supply chain development support funding	3,741
	Processing and trade support funding - Yongchuan Commerce Commission	3,913
	Special funding for phase 3 industries and digitalization - Chongqing Economic and Informatization Commission	1,419
	Special commercial funding and subsidy for local businesses - Yongchuan Commerce Commission	430
	Subtotal	10,148
Kunshan Primax	Kunshan City fiscal incentives for certification by Jiangsu Province energy system	430,000
	Subtotal	430,000
Huizhou Tymphany	Urban and rural resident retirement insurance payment\unemployment benefit\2019	845,124
	Huizhou City Finance Department\R&D expense subsidy\2019	1,081,880
	Huizhou City Huiyang Employment Service Center\employment subsidy for registered underprivileged workers\2020	51,600
	Huizhou City Huiyang Employment Service Center\subsidy for employment in lieu of training\2020	993,300
	Huiyang Bureau of Finance\Export credit insurance subsidy\2019	3,159,287
	Huiyang Bureau of Finance\Export credit insurance subsidy\2020	1,442,568
	Huiyang Bureau of Finance\Business technology transformation funding\2019	8,811,560
Huiyang Bureau of Finance\Foreign investor incentive\2017	25,813,760	

Office location	Name of subsidy/year	Amount of subsidy - 2020 (NTD)
Huizhou Tymphany	Huizhou City Huiyang Employment Service Center\Online training & adaptation\2020	1,634,000
	Huizhou City Huiyang Bureau of Market Supervision\Patent subsidy\2019	60,200
	Shenzhen Social Insurance Fund Administration\Job security subsidy\2020	201,498
	China Export & Credit Insurance Corporation Guangdong Branch\Provincial short-term insurance premiums support funding\2019	2,042,759
	Shenzhen Futian Tax Bureau, State Tax Administration\Individual income tax commission rebate\2017.12 to 2018.11	266,671
	Huizhou Huiyang Tax Bureau\Individual income tax commission rebate\2019	293,515
	Shenzhen Futian Tax Bureau, State Tax Administration\Individual income tax commission rebate\2016.12 to 2017.11	220,149
	Huiyang Bureau of Finance\Government incentive (Huiyang District) for submission of IPO materials\2020	2,150,000
	Huiyang Bureau of Finance\Government incentive (Huizhou City) for submission of IPO materials\2020	8,600,000
	Subtotal	57,667,871
Dongguan Tymphany	Bureau of Commerce of Dongguan City\2020 economic development project funding\2020	5,845,478
	Bureau of Finance\Employee adaptation and training subsidy\2020	1,415,625
	China Export & Credit Insurance Corporation Guangdong Branch\Provincial short-term insurance support\2020	1,496,131
	2019 unemployment subsidy\2019	2,998,733
	2019 automation subsidy from Dongguan Municipal Government\2019	4,532,200
	Childbirth subsidy\2020	2,402,740
	One-time new recruit subsidy\2020	98,900
	Clean production government grant from Dongguan Industry and Information Technology Bureau\2020	215,000
	Pandemic relief on 3 insurance schemes\2020	4,582,818
	Pandemic subsidy for employee salary\2020	218,697
	Return of charges (business income tax) withheld by State Tax Administration\2020	182,501
Training subsidy for underprivileged workers\2020	168,130	
Warehouse Subsidy\2020	41,151	
	Subtotal	24,198,104
Dongcheng Tymphany	Childbirth subsidy	441,461
	Warehouse subsidies from Bureau of Commerce	27,864
	Individual income tax commission rebate	42,645
	Double incentive for businesses	181,460
	Pandemic job adaptation subsidy	1,632,379
	Subtotal	2,325,809
	Total	151,011,121

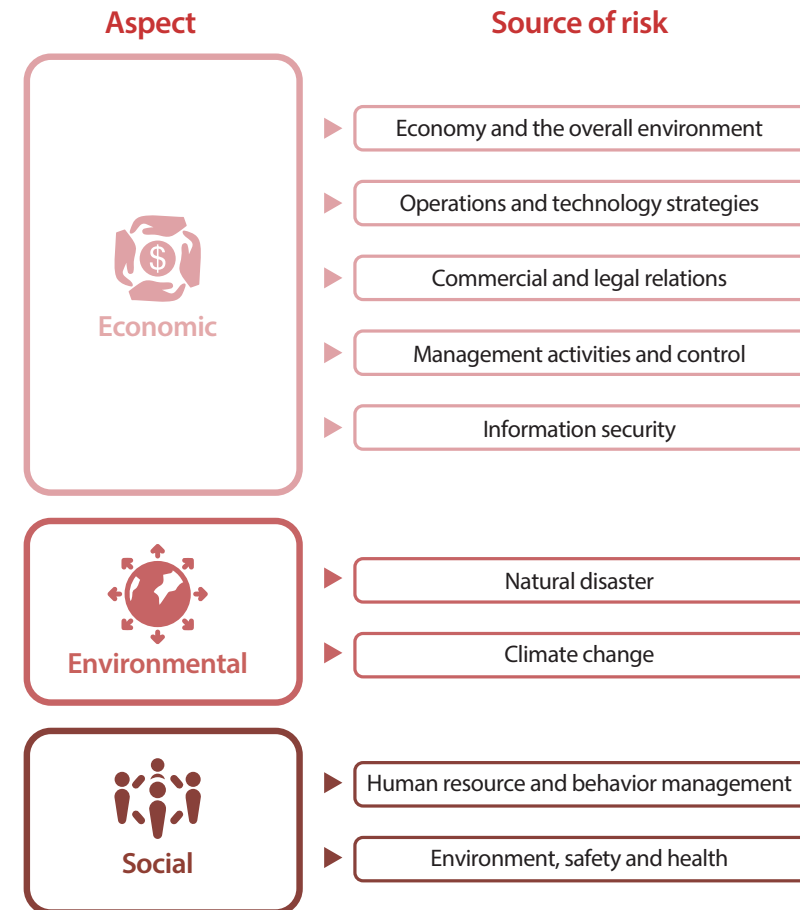


2.4 Risk management

Enterprise risk management

Primax's main purpose for implementing ERM was to develop a robust system that supports its sustainability goals, addresses aspects of customers' concern and conforms with international trends. A risk assessment team was subsequently assembled under board of directors' authority to establish risk management system, perform operational risk assessments and devise response strategies according to the requirements of ISO 31000.

Primax adopted "Enterprise Risk Management" (ERM) in accordance with ISO 31000 - Risk Management in 2018, and assigned the CSR Office to serve as consultant and the COO Office to oversee execution. A task force comprising representatives from IT, legal & intellectual property rights, quality assurance, human resources, finance, supply chain management, public relations, procurement and internal audit has been assembled to perform regular analysis and review of operational risks. The task force produces risk management plans for review by the COO, who then reports to the board of directors. Through the above risk assessment and management practices, we aim to identify risks that may impact business continuity and take pro-active measures to mitigate or eliminate risks over the long term. The board of directors has agreed to perform overall assessments once every two years. Main risks identified in the 2019 assessment are being followed up with strategies formulated to address legal requirements, customers' requirements, stakeholder communication, and social trends. Backed by confirmation of senior managers, the CSR Office reports to the board of directors on the latest risk management status, plans and execution of mitigation measures.





Risk management procedures



The risk assessment task force held its second risk assessment meeting in March 2020 to re-evaluate business risks. After going through the risk management process, we have identified the following risks that Primax is currently susceptible to: (1) Disequilibrium of the labor market, (2) New customer development, and (3) Supply chain management. The risks identified and corresponding response plans are presented in the table on the right side. For more details on business risks and response strategies, please refer to "P33 of the 2020 Annual Report."

Spread of COVID-19 began in the end of 2019 and the world still struggles to contain the disease even to this day. Having implemented relevant measures and assembled "Disease Control Teams" throughout Taipei Headquarters and production facilities in China, Primax Group continues to fight the ongoing pandemic by introducing continuity plans, drills, and proper responses. The Group has no employee with confirmed or suspected infection to date, and will continue adjusting responses in line with the pandemic to ensure employees' health and safety and continuity of the Company's operations.

Significant risks	Improvement plan
 Disequilibrium of the labor market	Automation
	Development of high value-adding products
 New customer development	Ongoing enhancement to new customer development
	New products for existing customers
 Supply chain management	Implementation of safety stock plan
	Strategic alliance with key supply chains
	Accessibility of materials sourcing channels

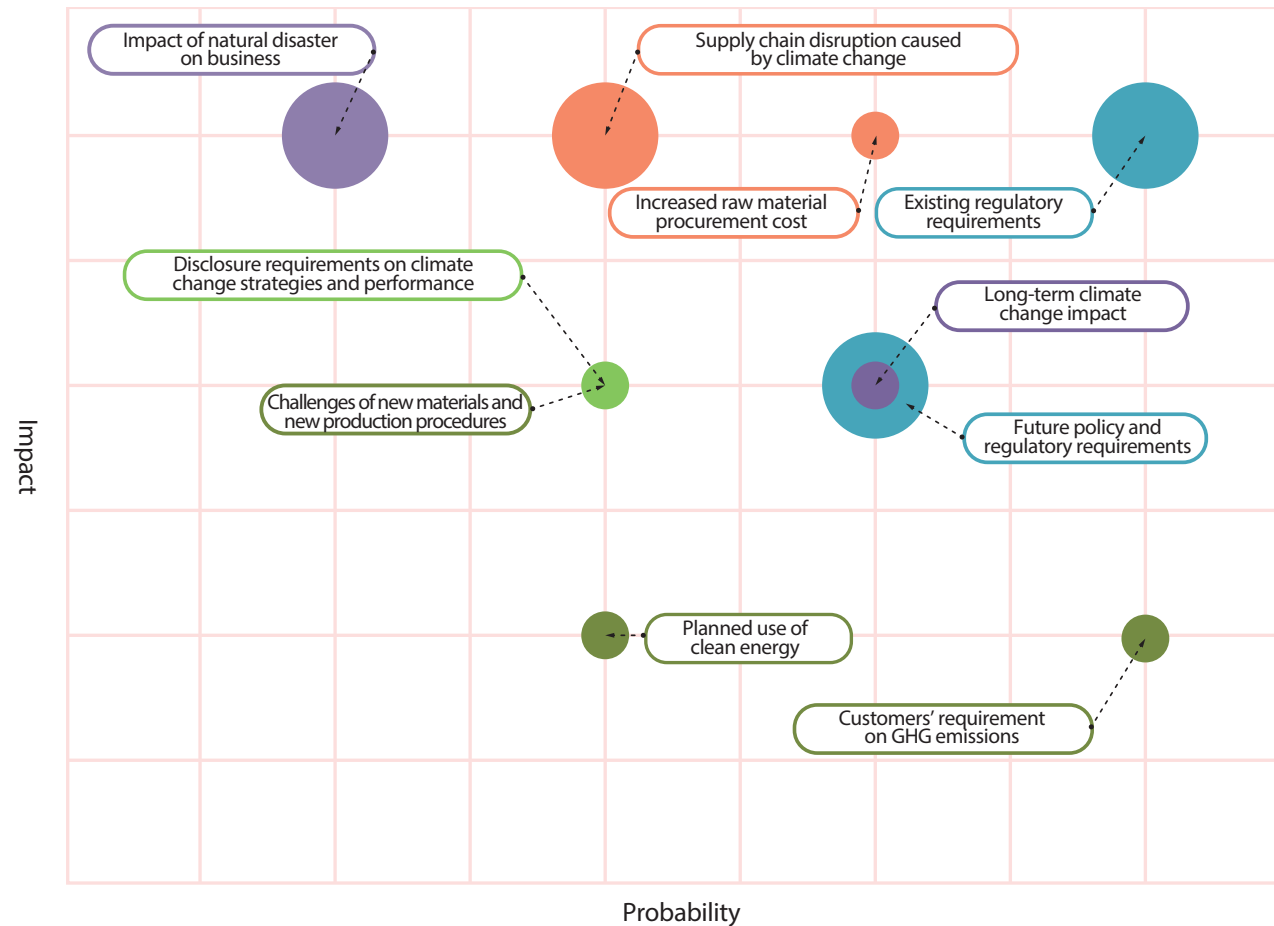


Risk of climate change

The Company joined and became an official member of BCSD Taiwan. We have been actively involved in sustainability and climate change campaigns organized by BCSD Taiwan and other related associations, and are currently working with Taiwan Environmental Management Association on the establishment of EPA product rules for mice and keyboards as a means to enforce Primax's environmental protection and sustainability values.

In recent years, there has been news about business operations being disrupted by major disasters that arise as a result of climate change. Due to this rising threat, it is increasingly important for businesses to explore ways of mitigating and adapting to climate change. We view climate change as one of the significant risks in corporate operations, and has established operating procedures relating to the issue. To enable better understanding of how risks and opportunities of climate change affect the Company financially, we adopted the four main guidelines of TCFD (Task Force on Climate-Related Financial Disclosures) recommendations published by Financial Stability Board (FSB) to disclose climate-related information, starting from 2020. Through this framework, we hope to gain insight into the potential risks and opportunities of climate change, and assess the sources of risk we have identified while taking mitigation or adaptation measures in response to the many impacts of climate change.

Risk/opportunity identification and financial impact analysis



Note:

1. X (probability): probability of climate change impact occurring in 10 years.
2. Y (impact): impact on corporate operations.
3. Size of circle (responsiveness): represents the Company's ability to respond.



Aspect	Response			
Governance	A CSR Office has been established by Primax Chairman under the authorization of the board of directors. It is a specialized unit for promoting and executing sustainability tasks, and has been assigned the duty to "assess and manage climate risks." During the 2020 enterprise risk assessment, the CSR Office recognized climate change as a possible source of risk and assessed its potential impacts and opportunities; response strategies and management performance relating to this risk will be reported in future board meetings on a yearly basis			
Strategies	Actual and potential financial impacts and opportunities associated with climate risk are identified with response strategies devised accordingly. In addition to satisfying customers' requirements and fulfilling corporate commitments, we actively adopt new management systems and practices and explore ways to capitalize on the changes through transformation and investments, while at the same time undertake more corporate social responsibilities with respect to climate change			
Risk management	The "risk assessment task force" assembled by CSR Office follows TCFD recommendations to identify actual and potential financial impacts and opportunities associated with climate change. Response strategies are devised accordingly and executed with the acknowledgment of the board of directors to mitigate risks. Sources of risk and impacts include:			
	<table border="1"> <thead> <tr> <th data-bbox="436 710 1256 751">Transformation, physical, and related risks</th> <th data-bbox="1256 710 2076 751">Opportunities</th> </tr> </thead> <tbody> <tr> <td data-bbox="436 751 1256 984"> <ul style="list-style-type: none"> 1. Operational impact 2. Technical and regulatory requirements and adjustments 3. Additional and tightened environmental regulations 4. Investment into technological transformation 5. Customers and markets 6. Stakeholder response 7. Natural disaster </td> <td data-bbox="1256 751 2076 984"> <ul style="list-style-type: none"> 1. Opportunities from resources 2. Opportunities from energy 3. Product and service opportunities </td> </tr> </tbody> </table>	Transformation, physical, and related risks	Opportunities	<ul style="list-style-type: none"> 1. Operational impact 2. Technical and regulatory requirements and adjustments 3. Additional and tightened environmental regulations 4. Investment into technological transformation 5. Customers and markets 6. Stakeholder response 7. Natural disaster
Transformation, physical, and related risks	Opportunities			
<ul style="list-style-type: none"> 1. Operational impact 2. Technical and regulatory requirements and adjustments 3. Additional and tightened environmental regulations 4. Investment into technological transformation 5. Customers and markets 6. Stakeholder response 7. Natural disaster 	<ul style="list-style-type: none"> 1. Opportunities from resources 2. Opportunities from energy 3. Product and service opportunities 			
Indicators and targets	Based on the risk matrix and list of opportunities proposed by the risk assessment team, the CSR Office develops and executes response plans and targets including: <ul style="list-style-type: none"> 1. Business activity and cost plans for the management of related impacts and risks 2. Plans to reduce GHG emission intensity (CO₂e/revenue) by 25% in 2020, as compared to the base year (2013). In 2020, Primax adopted the SBTi approach and set group-level medium-term carbon reduction goals: To reduce category 1 and category 2 GHG emission (CO₂e) by 30% in 2030, compared to 2019 (the base year) 3. Clean energy certification plan 4. Supply chain management model 5. Investment assessment for carbon reduction equipment 6. Waste reduction targets 			



Source of climate change risk	Risk category	Risk description	Possible financial impact	Response measures
Regulation	Enactment of global (Paris Agreement) and regional GHG regulations in primary locations (such as: Greenhouse Gas Reduction and Management Act and Renewable Energy Development Act in Taiwan, Climate Change Response Act in China etc.) poses additional compliance requirement	Aspects of corporate operation such as management cost, supply chain, emission cost, energy utilization etc. may all be impacted	Reduced revenues, increased operating cost and capital expenditure	Develop insight into GHG laws of all locations concerned, and adopt active energy/carbon reduction practices
	More stringent environmental controls may be imposed in various regions in the future	Change in customers' requirements such as product form, production process, design and material	Reduced revenues, increased operating cost and capital expenditure	
Geographic location	Climate change gives rise to natural disaster and affects operations and production	Typhoon, flood, earthquake and other consequences of climate change may disrupt operations	Reduced revenues	Develop business continuity management Develop sustainability management for suppliers, and gain control over supply chain risks and opportunities.
	Long-term effects of climate change affect operational plans	Factors such as rising temperature, rising sea level, water shortage and change of energy profile all have the potential to affect operations	Reduced revenues, increased operating cost and capital expenditure	
Suppliers	Suppliers may be unable to supply goods due to natural disaster or climate change	Typhoon, flood, earthquake and other consequences of climate change may disrupt supply	Reduced revenues, increased operating costs	
	Compliance and environmental management requirements increase costs significantly	Rising material costs affect profit	Increased operating costs	
Clients	Requirements to manage GHG emissions	Carbon reduction goal-setting	Increased operating cost and capital expenditure	Conduct yearly GHG surveys and explore strategies on uses of renewable energy
	Requirements to use clean energy	Certain customers require proof of clean energy use	Increased operating costs	
	Challenges of change in consumption trend, new materials and new production procedures	Risk of investing into new materials, production procedures and technologies	Increased operating cost and change of capital structure	
Investors/ stakeholders	Disclosure requirements on climate change strategies and performance	Social responsibility disclosure is an issue of concern to investors	Increased financing cost	Adopt the TCFD framework for assessment of climate change risks and opportunities



Source of climate change opportunity	Opportunities	Opportunity description	Possible financial impact
Access to resource	Reducing water usage and wastage	Implement a reclaimed water system to recycle and reuse production effluents for greater resource efficiency	Reduced operating costs
	Adopt more efficient production process	Take pro-active actions to manage product design, production process and supply chain risks that are within our control; adopt MFCA and make continuous improvements to operational performance	Reduced operating costs
Access to energy	Improved energy efficiency	Implement green energy and resource reuse facilities; make use of renewable energy sources (purchase renewable energy certificates); and actively improve energy efficiency	Increased operating costs, reduced operating costs
Product and service opportunities	Satisfy customers' needs	Make active use of renewable energy, adopt environmental management systems, enforce green production and management, and satisfy customers' increasingly stringent environmental protection requirements as a means to build trust with investors and customers	Increased revenues
	Improving corporate image	Enforcement of energy/carbon reduction actions ensures that all production sites are in strict compliance with local and international environmental protection rules	Increased revenues, increased intangible assets

Primax officially adopted the TCFD (Task Force on Climate-Related Financial Disclosures) framework in 2021 as an enhancement to the existing risk management process. By identifying climate change risks as part of business risks, Primax is able to develop risk scenarios that are more relevant to its operations, and adopt more robust, comprehensive, and focused methods to identify risks for each of the scenarios identified. In doing so, Primax Electronics will be able to identify risks of substantive nature and optimize management practices to achieve greater yields. Outcomes of the abovementioned approach will be presented in next year's report.



Management of information security

Customers' privacy and confidential information are important issues of concern to Primax Group and have been identified as a major risk by the risk assessment team, which is why the Group is dedicated to protecting customers' privacy, confidential information and interests. Having recognized them as the most important IT security management goal is one of the reasons that many of our customers have chosen to work with us over the years.

All of customers' private and confidential information is disclosed on a need-to-know basis, and the Group has implemented three different types of control: People, Process and Technology to ensure the security of customers' private and confidential information. Below is a summary of the three controls:



- People**
 - New recruits are required to undergo IT security awareness training, while all other employees are subject to regular re-training of information security. The purpose of these training is to enhance employees' awareness towards customers' private and confidential information.
 - A corporate security organization has been assembled directly under the General Manager. It is responsible for incorporating people, process and technology into safeguarding customers' private and confidential information at the highest level. This organization exists to ensure that the various activities and measures are implemented properly, and that customers' private and confidential information is protected at all times.
- Process**
 - All employees are required to sign a confidentiality agreement before commencing or terminating employment.
 - Employees are prohibited from disclosing sensitive information to any internal or external party without the consent (or authorization) of customer's project manager. Access to such information should be granted only to the extent needed to serve the purpose.
 - Customers' private and confidential information is protected before, during and after project until product is discontinued.
- Technology**
 - Network security equipment, software and anti-virus measures are constantly being enhanced to repel information security threats such as malware, botnet, virus, worm and hack. Anti-virus and anti-hack platforms are being implemented throughout the Company.
 - All systems and customer information are subject to access control. Only authorized personnel may access information for work-related purpose.



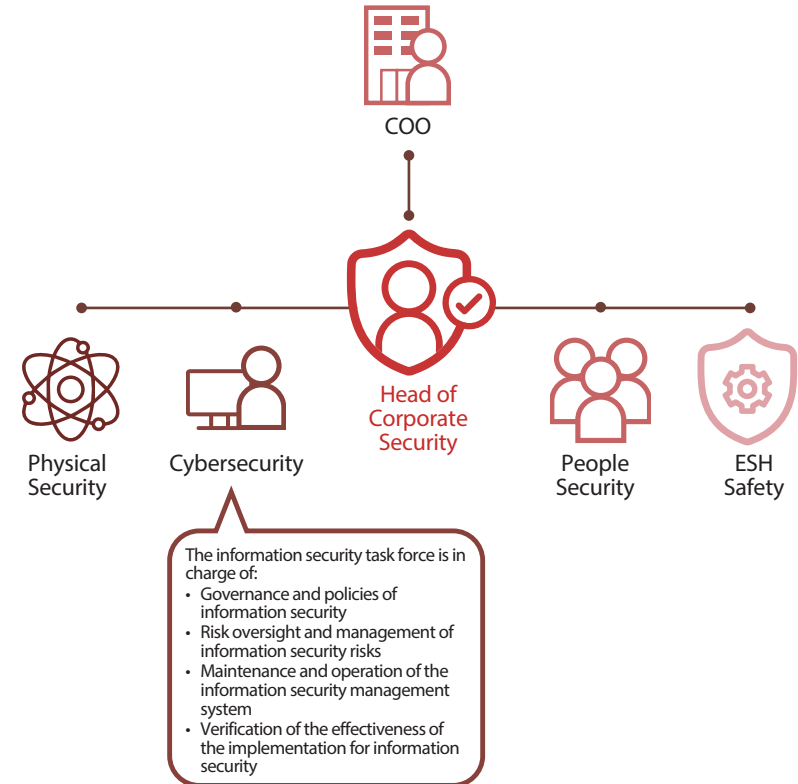
To enhance security and reduce risk in applications and systems, Primax scans IT equipment for vulnerabilities on a yearly basis and patches vulnerabilities of medium/high risk upon discovery. Controls such as privileged account management, DLP tools, and MFA dual-factor authentication have been adopted to minimize chances of incident involving confidential or sensitive data, whereas BEC (Business Email Compromise) analysis and SIEM (Security Information and Event Management) log monitoring are performed on an ongoing basis to identify abnormal occurrences in real time, which in turn enhances cybersecurity management.

In an attempt to implement a strong cybersecurity framework that protects customers' private and confidential information, Primax Electronics began developing an ISO27001:2013-compliant cybersecurity management system in 2017 that passed certification for the first time in February 2018. The Company later passed BSI's renewal audit and obtained certificate in January 2021, proving that the Company had complied with all requirements of ISO/IEC 27001:2013 standard. Furthermore, Primax has been purchasing cybersecurity insurance for an assured sum of US\$10 million since June 2018; this coverage allows the Company to be compensated for losses immediately in the event of a cybersecurity incident. The Company continues to adopt the PDCA cycle (Plan, Do, Check and Action) and make ongoing improvements and enhancements to information security and customer privacy management.



ISO/IEC 27001:2013
Expiry Date: 2024.02.11

Group organizes cybersecurity training and social engineering drills twice a year, during which it uses a combination of e-mail, instant messaging, and digital TV to communicate with employees on cybersecurity protection and current affairs, which in turn promotes cybersecurity awareness. The following are the organizational structures of the Security Department.



Risk appraisal for information security

The Company inventory the information assets and update the record book of assets periodically. Every year, the risks related to the information assets are appraised, and the high-risk items are controlled, to lower the chance of risks and their impacts, for the purpose of ensuring the Company's long-term safety of the information security.



Internal audit of information security

The information security established the appraisal items based on the risks. The self-assessment of information security and verification are conducted annually. The outcome of assessment and supporting documents are sent to the audit department for re-audit. The audit department implement the information cycle audit every six months. The information security is one of the required items for audit. All the outcomes of audit are reported to the Audit Committee and the BOD regularly, at least annually.

Information security and customer privacy management strategies and performance

Execution plan for information security enhancement strategies

- Response mechanism for information security incidents
- Information security in business continuity management
- Ongoing improvement of information security control



Information security management system

- Develop suitable information security management system using the PDCA cycle
- Risk evaluation and resolution
- Execution of risk control (114 controls)



Information security and customer privacy management framework



Internal information security evaluation

- Information security evaluation plans and guidelines
- Information security evaluation methods and scope
- Non-compliance of information security and corrections/preventions

Customer privacy protection mechanism

- Customer privacy identification
- Customer privacy protection measures
- Legitimate use of customers' private information



Actions in 2020

- Completed ISO 27001 : 2013 renewal audit.
- Business continuity plan and regular drill.
- Optimal management of user access.
- Adopted feasible solutions against e-mail scam.
- Ongoing optimization of information security goals.
- Regular system weakness scan



2020 progress

- Organized 18 cybersecurity training sessions and delivered 18 hours of training to 1,349 people.
- Scanned systems and equipment for weaknesses, and patched medium- and high-risk weaknesses.
- Introduced privileged account management, DLP tool, and MFA two-factor authentication at user end.
- Continued BEC (Business Email Compromise) analysis and SIEM (Security Information and Event Management) log monitoring.
- Completed ISO 27001 : 2013 renewal audit.
- No complaint concerning violation of customers' sensitive information was received.
- No cybersecurity-related complaint from external parties or the authority was received.



2021 management plan

- Data backup and recovery test for core applications/ systems.
- Business continuity plan and regular drill.
- Apply principle of least privilege for user management.
- Regular system weakness scan, social engineering drill, and infiltration test.
- Regular update on current affairs and cybersecurity training.
- Annual review of firewall and intrusion detection rules.
- Ongoing mail analysis and monitoring of system logs.
- To obtain ISO 27001 : 2013 certification in January 2021 .

3



Environmental Care

Green management and partnership

3.1 Green production - the ultimate goal



Column - Establishment of Medium and Long Term Goals through SBTi Approach

3.2 Quality management and green product at source

3.3 Partnering towards a sustainable supply chain



3.1 Green production management

Complying with global environmental protocols

Primax joined and became an official member of BCSD Taiwan in October 2016. We have been actively involved in sustainability and climate change campaigns organized by BCSD Taiwan and other related associations. We also use DJSI sustainability questionnaire to check conformity internally, and identify areas to improve upon. With respect to greenhouse gases, we coordinate annually with our customers for supply chain survey of greenhouse gas, energy use and water resource in accordance with the Carbon Disclosure Project (CDP).

7 of Primax Group's major sites have developed greenhouse gas, water resource, and energy management procedures in accordance with ISO 14001 - Environmental Management System, ISO 14064-1 - Greenhouse Gas Inventory, and ISO 14046 - Water Footprint, ISO 50001 - Energy Management System, and have been verified for all of the above systems. 7 of Primax Group's major sites have transitioned to surveying greenhouse gas according to the ISO 14064-1:2018 standard, and included emission categories 3-6 in 2020. An assurance statement is expected to be obtained in 2021.

As an electronics manufacturer, energy efficiency, greenhouse gas reduction, effluent/waste management and green product are all major issues in the environmental category. During the reporting period, we have set goals to "reduce energy intensity and minimize discharge of hazardous waste," both of which were approved by the executive management and are being enforced as a major part of the Company's environmental guidelines. Furthermore, we engage third-party institutions to examine our greenhouse gas emission, water footprint, and energy management system on a regular basis. Due to proper execution of environmental management policies, Primax Group encountered no violation against environmental laws or related fines in 2020.

In 2016, Primax began exploring energy conservation solutions at various plant sites, and made adjustments based on the outcome. We also embrace opportunities given rise by climate change, and have dedicated ourselves to low-carbon design and production. Establishing carbon footprint rules and obtaining carbon label

and reduction certificate will boost image of Primax Group, and even open up new opportunities.

Starting from 2019, Chinese plants have been making use of renewable energy and evaluating possibilities to implement solar power as a means of reducing greenhouse gas emission and energy consumption.

Energy management

Energy consumption is a main cause of climate change, because the combustion of non-renewable fuel creates greenhouse gas (GHG) among other environmental impacts. Making efficient use of energy is key to mitigating climate changes, and is a goal we strive to achieve by continually improving our production procedures.

Each year, Primax gathers more sophisticated data to enhance its existing energy strategies.

To facilitate proper energy management, we continued to gather and present energy statistics at the group level. Primax Group consumed the following energy sources in 2020: (1) Gasoline, (2) Diesel, (3) Natural gas, (4) Purchased electricity, and (5) Liquid petroleum gas. Volumes consumed during the year were: (1) Gasoline - 851,839,466 KJ, (2) Diesel - 750,535,619 KJ, (3) Natural gas - 10,297,079,151 KJ, (4) Purchased electricity - 327,267,805,013 KJ, and (5) Liquid petroleum gas - 8,861,712 KJ. Overall energy consumption during the reporting period amounted to 339,176,120,960 KJ, which was equivalent to an intensity level of 49,702.7 KJ / NT\$10,000. Compared to 2019, gasoline consumption reduced by 31.06%, whereas diesel reduced by 64.80%, natural gas reduced by 37.50%, electricity reduced by 12.43%, liquid petroleum gas increased by 65.59%, total energy reduced by 13.83%, and energy intensity increased by 1.84%.

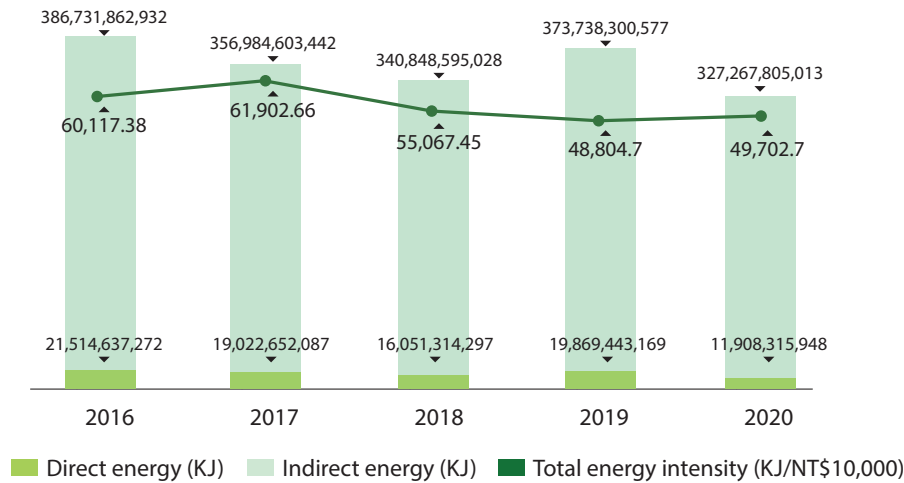


Energy consumption statistics of Primax Group

Energy	2018	2019	2020	Compared to the previous year	Remarks
Liquid petroleum gas (Unit: KJ)	29,371,680	25,756,704	8,861,712	-65.59%	Liquid petroleum gas was used only at Huizhou Tymphony and Dongcheng Tymphony; calorific value = 12,000kcal/kg
Natural gas (Unit: KJ)	13,358,633,444	16,475,889,423	10,297,079,151	-37.50%	Natural gas is used only by plants in China; calorific value = 9,310kcal/M ³
Diesel (Unit: KJ)	1,298,837,371	2,132,186,299	750,535,619	-64.80%	Calorific value: Taiwan = 8,400 kcal/L; China = 10,200 kcal/kg
Gasoline (Unit: KJ)	1,364,471,802	1,235,610,743	851,839,466	-31.06%	Calorific value: Taiwan = 7,800 kcal/L; China = 10,300 kcal/kg
Electricity (Unit: KJ)	340,848,595,028	373,738,300,577	327,267,805,013	-12.43%	1kWh=3,600KJ
Total energy consumption (Unit: KJ)	356,899,909,325	393,607,743,746	339,176,120,960	-13.83%	
Energy intensity (Unit: KJ/NT\$10,000)	55,067.5	48,804.7	49,702.7	+1.84%	

Note:

1. The scope of energy statistics was the same as the seven major sites disclosed in this report.
2. Source of data: Electricity/natural gas volume was derived by summing the figures shown on monthly statements/payment slips across all plants; liquid petroleum gas, diesel and gasoline volume was based on the actual amount collected.
3. The increase in energy intensity compared to 2019 was mainly attributed to the spread of COVID-19, which reduced overall revenues (group revenues for 2020 were reported at NT\$68,240,939,000, down 15.39% from 2019).



GHG emission management

Electronic manufacturing runs the risk of emitting GHG, nitrogen oxides (NOx), sulfur oxides (SOx) and other gases that have significant impacts on the environment, and this is why we implement a variety of solutions to reduce GHG emission. Since 2010, we have been working with SGS, a third-party institution, to identify and measure GHG emitted by our plants, which helped enforce our GHG control strategies. The measurements cover direct GHG emissions, energy indirect GHG emissions, other indirect GHG emissions, and GHG emission intensity. By disclosing energy indicators, we intend to show the world how far we have accomplished in mitigating environmental impacts, and our ability to respond to carbon controls, rising operating costs, and changes in energy supply and prices.

Primax Group operates in Taiwan and China, and has ensured 100% compliance with local environmental regulations. The "Greenhouse Gas Reduction and Management Act" has been implemented in Taiwan. Although Primax Group does not operate any production facility in Taiwan and is not subject to GHG emission reporting and control, we still take the initiative to survey GHG emission and pay close attention to regulatory requirements. The carbon trade system is being implemented in the Mainland, while provincial governments are starting to introduce control over emissions. In the meantime, we adopt rigorous control and strive to reduce GHG emission to avoid being impacted by new policies and laws.

Primax Group has set clear GHG reduction goals since 2016. Designating 2013 as the base year, we aimed to reduce GHG emission intensity (CO₂e/revenue) (categories 1+2) by 25% in 2020, and had duly accomplished this goal by 2020, reducing GHG emission intensity (CO₂e/revenue) by 33.47% compared to the base year. To mitigate the impacts of climate change, we have also adopted the SBTi approach in setting our next carbon reduction targets on a group level. For emission categories 1 and 2, we designate 2019 as the base year and aim to reduce GHG volume (CO₂e) by 30% in 2030, compared to the base year. Furthermore, we will continue to make use of renewable energy, aiming to increase renewable energy to 50% of total energy sources by 2030 and achieve zero net emission by 2050.

7 of Primax Group's main operations were verified for ISO 14064-1:2018 in 2020. Owing to persistent efforts in reducing energy and carbon, Primax was able to lower emission intensity by 2.63% (Location Base) compared to 2019. In addition, Dongguan Primax (including Liuwu and Mingzhu Plants) and Chongqing Primax purchased 3,500,000 kWh of renewable energy certificate in 2020 to offset 2,841.950 tonnes CO₂e, and after taking into account the effect of renewable energy certificates, GHG emission intensity would be 1.42% less than the previous year. Group-wide total GHG emission (Market Base) in 2020 was 16.59% less than the previous year, whereas emission intensity was 33.47% lower compared to the base year (2013). Changes in GHG emission after the effect of renewable energy certificates (i.e. Market Base) are explained below:

- Direct GHG emissions and removals (category 1): Primax Group's GHG emission totaled 4,002.669 tonnes CO₂e/year in 2020, which was 27.07% less than the 5,488.2242 tonnes CO₂e/year in 2019.
- Indirect GHG emission (category 2): Primax Group's GHG emission totaled 72,589.6814 tonnes CO₂e/year in 2020, which was 15.92% less than the 86,335.1701 tonnes CO₂e/year in 2019.
- Other indirect GHG emission (categories 3-5): We began surveying other indirect GHG emissions in 2017, starting with business flights taken by employees of Taipei Headquarter. In 2020, we followed ISO 14064-1:2018 and surveyed emission from activities including raw materials transportation, distribution transportation, business travel (category 3), raw materials production, waste transportation and treatment, upstream use of electricity/fuel (category 4), product usage, and leasing/investment (category 5).



- Total GHG emission (category 1 + category 2): Primax Group's GHG emission totaled 76,592.350 tonnes CO₂e/year in 2020, which is 16.59% less than the 91,823.394 tonnes CO₂e/year in 2019.
- GHG emission intensity: Primax Group's emission intensity was calculated at 11.22 kg CO₂e/NT\$10,000 in 2020, down 1.42% from the 11.39 kg CO₂e/NT\$10,000 in 2019. This decrease was mainly attributed to the significant progress the Group had made to reduce energy.

GHG emission statistics of Primax Group - 2020

Unit: tonnes CO₂e/year

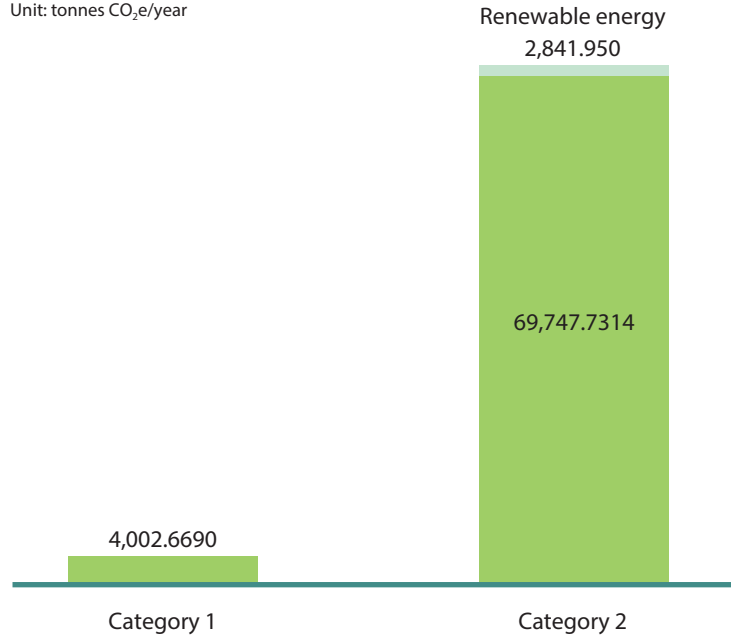
Plant	Taipei Headquarters	Dongguan Primax		Kunshan Primax	Chongqing Primax	Huizhou Tymphony	Dongguan Tymphony	Dongcheng Tymphony	Total GHG emission of Primax Group
		Liuwu	Mingzhu						
Category 1	100.5605	1,683.2704	191.2263	150.1795	570.3924	333.9925	689.9444	283.1030	4,002.6690
Category 2	1,251.9698	35,384.1655	3,206.6349	2,165.1222	3,794.9388	6,078.5755	18,279.3229	2,428.9518	72,589.6814
Categories 1+2	1,352.530	37,067.436	3,397.861	2,315.302	4,365.331	6,412.568	18,969.267	2,712.055	76,592.350
Category 3	43.108	455.244	8,272.464	22.134	2,127.387	329.014	550.246	54.974	11,854.571
Category 4	288.259	51,768.719	8,176.449	0.517	40,860.742	85,075.417	38,888.764	6,214.840	231,273.707
Category 5	20,067.466	196,729.655	32,121.613	0	6,179.607	118,174.326	65,532.512	298.669	439,103.847

Note:

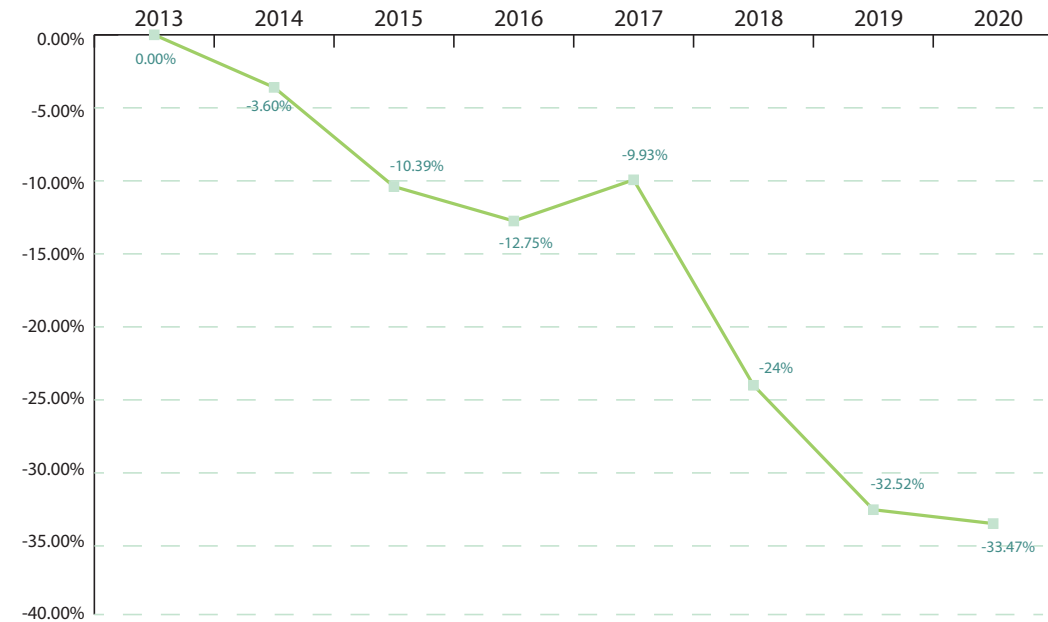
1. Category 1 includes: liquid petroleum gas, diesel, gasoline, natural gas, refrigerant, and septic tank (BOD). Disclosures were made based on GWP value taken from IPCC 2013 5th evaluation report.
2. Category 2 includes: purchased electricity. The emission coefficients used were 0.509kg CO₂e/kWh for Taiwan, 0.8042 kg CO₂e/kWh for Southern China, 0.8587 kg CO₂e/kWh for Central China, and 0.7921 kg CO₂e/kWh for Eastern China.
3. The scope of GHG statistics was the same as the seven major sites disclosed in this report.
4. Minor discrepancies in GHG emission statistics for 2020 were caused by rounding errors.
5. Main products (those of high production volume or are energy intensive) were surveyed for significant indirect sources of emission, including category 3: transportation and shipment by upstream partners, transportation and shipment by downstream partners, and business travel; category 4: products purchased, disposal of solid and liquid waste, and upstream use of electricity/fuel; and category 5: product usage and investment activities.

GHG emission volume of Primax Group - 2020

Unit: tonnes CO₂e/year



GHG intensity reduction by Primax Group - 2020



Energy conservation & carbon reduction measures

Ongoing renewal of plant facilities for high-efficiency, low consumption alternatives

In order to make production sites more energy-efficient, we have been exploring all solutions possible to reduce energy consumption. One of the methods we have taken towards achieving this goal is to continually replace old and power-hungry equipment. Some of the actions taken by the Company include: replacing motors with energy-efficient models, optimizing air compressor utilization, improving efficiency of chillers, connecting cool water pipes, replacing lighting equipment with LED alternatives for offices, plants, warehouses and road lamps, and replacing air compressors with variable-frequency models. For more details, please see "Energy-saving Solutions at Main Production Sites - 2020."



Energy-saving solutions at main production sites - 2020

Plant	Classification	Item	Power saving benefits (kWh)	Energy saving benefits	Carbon reduction benefits
				(KJ)	(kg CO ₂ e)
Dongguan Plant	Air conditioning	On-site confirmation and analysis of chiller efficiency at LW plant and monitoring of energy measures	1,657,794	5,968,058,400	1,333,197.94
	Air conditioning	Intelligent online monitoring of air conditioners	440,775.4	1,586,791,440	354,471.58
	Air conditioning	Connection of PH3 chiller pipe to PH6	421,037.82	1,515,736,152	338,598.65
Huizhou Loudspeaker Chongqing	Air conditioning	Replacement of energy-inefficient and outdated pump and electromechanical module in cooling tower	864	3,110,400	741.92
	Air compressor	Installation of permanent magnet inverter-type air compressor	217,152	781,747,200	186,468.42
	Lighting	Modification of lighting circuit for the conference room and Correspondence Office, thereby enable separate control	359	1,292,400	308.27
	Lighting	Modification of lighting circuit for the 4F equipment room, thereby enable zone control	262	943,200	224.98
Kunshan Plant	Lighting	Lighting improvements	9,988	35,956,800	7,911.49
	Air compressor	Reduction of energy consumption for air compressor and related equipment	47,002	169,207,200	37,230.28
	Air conditioning	Temperature control and pipe upgrade for chiller/terminal air conditioning equipment	35,712	128,563,200	28,287.48
Dongguan Tymphony	Production equipment	Power supply to production equipment (oven and glue machine) is cut before day shift ends, thereby ensuring that equipment is turned off for the night	70,761.6	254,741,760	56,906.48
	Air compressor	Air compressors (3 in total) are turned off during weekends and holidays	19,800	71,280,000	15,923.16
	Ventilation	Air compressors (4 in total) are turned off during weekends and holidays	7,436	26,769,600	5,980.03
	Lighting	Adjustment of lighting equipment during and after work hours	17,836	64,209,600	14,343.71



Plant	Classification	Item	Power saving benefits (kWh)	Energy saving benefits (KJ)	Carbon reduction benefits (kg CO ₂ e)
Dongcheng Tymphony	Air conditioning	Replacement of dormitory air conditioning	59,250	213,300,000	47,648.85
Huizhou Loudspeaker	Air conditioning	Adjustment of air conditioner operations	96,969.6	349,090,560	77,982.95
	Air conditioning	Reduced compressor operations	312,000	1,123,200,000	250,910.40
	Lighting	Replaced 9W energy-efficient bulb with 5W energy-efficient bulb in dormitory	3,974.4	14,307,840	3,196.21
	Air compressor	Adjustment of lighting equipment	72,976.8	262,716,480	58,687.94
	Wind turbine	Number of air compressors in use are reduced during weekends and holidays	192,535.2	693,126,720	154,836.81
Taipei Headquarters	Air conditioning	Replaced two commercial grade inverter-type air conditioners	7,466	26,879,040	3,800.3976
Total			3,691,952	13,291,027,992	2,977,658

Note:

1. Dongguan production facilities include Dongguan Liuwu and Minhzu, and Dongguan Tymphony.
2. Emission coefficients used for purchased electricity were 0.509kg CO₂e/kWh for Taiwan, 0.8042 kg CO₂e/kWh for Southern China, 0.8587 kg CO₂e/kWh for Central China, and 0.7921 kg CO₂e/kWh for Eastern China.
3. The above data was estimated based on equipment specifications.



Magnetic liquid chiller



Magnetic liquid chiller



Rotary liquid chiller



Rotary liquid chiller



Rotary liquid chiller



Air pollution management

Air pollution poses adverse impacts on climate, ecosystem, air quality, habitat, agriculture, and human and animal health. Ongoing threats such as deterioration of air quality, ocean acidification, deforestation and public health issues have awoken law makers local and abroad to regulate gas emissions. For this reason, we regularly measure emission data that is relevant to causing air pollution, and strive to reduce emission of such gases.

We have summarized 3 main points from the air pollution data:

1. No ozone depleting substances (ODS) were emitted from the Company's productions. However, air conditioning equipment used at Taipei Headquarters and Tymphany's server room do utilize small amounts of R22, a refrigerant restricted under the Montreal Protocol. We expect to replace R22 with an environment-friendly refrigerant by the time it is due.
2. The Company is primarily involved in assembly works, which is less prone to air pollution. No NOx or SOx is released from production activities
3. Other air pollutants are entirely compliant with local regulations. According to local regulations applicable to Primax plants, production processes that involve coating and surface mount technology (SMT) are subject to environmental tests once a year. For the coating process, substances of the most concern include benzene, toluene, xylene, and volatile organic compounds (VOC); for the injection molding process, substances of the most concern are non-methane hydrocarbons; and for the SMT process, substance of the most concern is tin.

In terms of air pollution control, the main types of pollutant generated from plants include: volatile organic compounds (VOC), benzene, toluene, xylene, Total VOCs, non-methane hydrocarbons (NMHC), lead and lead compounds, and tin and tin compounds. To treat the above air pollutants, Primax first collects organic and particulate pollutants separately from exhaust in an enclosed environment, then uses the appropriate air pollution control equipment to treat the respective pollutions until they conform with emission standards. Our exhaust treatment process has been improved by adding UV photodegradation to existing water-sprinkling and activated carbon absorption. These three processes have effectively enhanced Primax's exhaust treatment capabilities at various plants.

Chinese regulations have made benzene, toluene, xylene and VOC part of mandatory emission management, while NMHC, lead and lead compounds, and tin and tin compounds are excluded from mandatory emission management, hence no calculation was made on the latter this year. All gas emitted by Primax Group in 2020 was 100% compliant with regulations. Please see "Air pollutant emission statistics" for details.

Primax Group air pollutant emission statistics - 2020

Plant	Item	Benzene	Toluene / Xylene	Total VOCs
Chongqing Primax	Emission concentration (mg/m ³)	/	/	1.478
	Emission (kg)	/	/	243.9
Dongguan Primax Liuwu Plant	Emission concentration (mg/m ³)	/	/	0.208
	Emission (kg)	/	/	18.8
Dongguan Tymphany	Emission concentration (mg/m ³)	0.018	0.447	6.089
	Emission (kg)	2.78	66.66	907.6
Dongcheng Tymphany	Emission concentration (mg/m ³)	/	/	0.139
	Emission (kg)	/	/	11.12

Note:

1. There was no emission from coating in Dongguan Primax Liuwu Plant and Huizhou Tymphany.
2. Source of data: the 2020 environmental monitoring report.
3. Emission of benzene, toluene, and xylene is not regulated in some plant areas, therefore no measurement was conducted.



Water resource management

Water usage and management have emerged to become two critical issues in business operations, given the increasing scarcity and rising demand for water. This is why we have long taken steps to monitor the volume of water used at our production plants, and are dedicated to reducing water volume where possible. In an attempt to enhance management of water resources, Primax Group introduced ISO 14046 - Water Footprint standards in 2018 to 7 main operational sites including Primax Taipei Headquarters, Dongguan Primax (Liuwu and Mingzhu), Chongqing Primax, Kunshan Primax, Huizhou Tymphony, and Dongguan Tymphony. The new standards enabled us to collect more abundant and more accurate water usage data for the preparation of water balance chart, which supports our water conservation strategies.

Primax Group uses World Resources Institute's "water resource risk assessment tool" to evaluate water resource risks at current sites, and devises management strategies based on the level of risk identified.

We consider water assessment to be one of the ways to evaluate future management risks, and by adopting water footprint, we were able to collect water data in much greater detail and accuracy than we did in previous years. This increased precision has helped us produce a water balance chart, identify ideal water meter locations

and improve water resource management practices at various operations of Primax Group. The Group passed water footprint survey and obtained verification for ISO 14046:2014 in 2019, and continued to obtain verification for group statistics in 2020, which is a testament to Primax's resolve in conserving water resource and protecting the environment.

The Group sources water entirely from tap water. Water usage complies with local regulations, and the volume of water drawn poses no significant impact on water resources. The Group used 943.01 million liters of water in 2020, down 15.64% from 2019; water intensity was calculated at 14,000 liters/million NTD, down 0.29% from 2019. While implementing energy-saving projects at various plant sites, we also paid attention to water usage and avoided unnecessary wastage by implementing practical water reduction measures. Primax's Liuwu Plant implemented a reclaimed water system in 2019 that enabled it to recycle and reuse production effluents. Recycled effluents are filtered and used for various purposes such as watering plants and flushing toilets within the plant. Primax's Chongqing Plant introduced RO treatment in 2020 and has since been recycling wastewater for living activities. Total volume of water recycled in 2020 was measured at 19.25 million liters, representing 2.04% of group-wide water usage. The recycling helps minimize use of fresh water, discharge of wastewater, and the overall environmental impact.



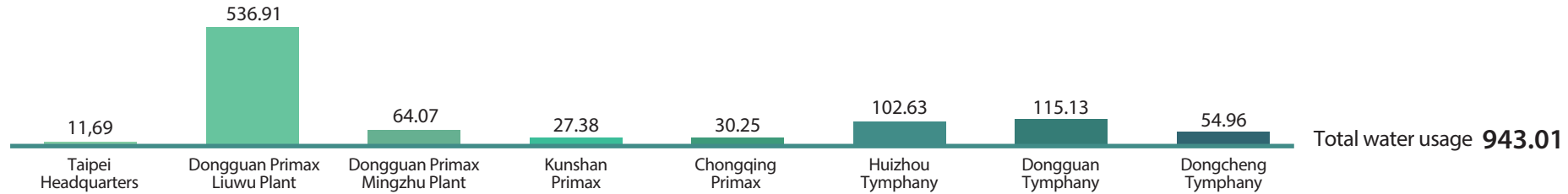


Risk level	Office location	Source of water resource	Destination of water discharge	Management strategy
Low - Medium (1-2)	Taipei Headquarters	Xindian River (Feitsui Reservoir)	Discharged into Keelung River after being treated at Neihsu Water Treatment Plant	At times of water shortage, the Company would purchase water from Taipei Water Department and collect at Jingmao 1st road, Nangang District. All water discharge is directed to the sanitary sewer
	Chongqing Primax	Yongchuan Qiaoli Water Co., Ltd. (upstream reservoir)	Discharged into Linjiang River after being treated at Yongchuan Phoenix Lake Water treatment plant	To proceed according to emergency response and crisis management procedures; if water supply is disrupted at the upstream reservoir, the plant may draw water from an alternative reservoir (Guanmenshan Reservoir)
Medium - High (2-3)	Dongguan Primax	Dong River (from two sources: Liuwu Water Plant and Shijie Water Plant)	Discharged into Dong River after being treated at Shijie Shayao Water Treatment Plant	To proceed according to emergency response and crisis management procedures
	Huizhou Tymphany	Primary: Dong River Secondary: reservoir and Xizhi River (from water plant in Huiyang District)	Discharged into Dong River after being treated at Xinxu Town Water Treatment Plant	To proceed according to emergency response and crisis management procedures
Medium - High (2-3)	Dongguan Tymphany	Dong River (from two sources: Liuwu Water Plant and Shijie Water Plant)	Discharged into Dong River after being treated at Shijie Shayao Water Treatment Plant	To proceed according to emergency response and crisis management procedures
	Dongcheng Tymphany	Dong River (Dongguan Water Group Co. Ltd. Guancheng Branch)	Dongguan Zhangcun Water Purification Co., Ltd. (Discharged into Dong River after treatment)	To proceed according to emergency response and crisis management procedures
High (3-4)	Kunshan Primax	From two sources: Yangtze River or Kuilei Lake	Discharged into Loushui River after being treated at Chengbei Water treatment plant	To proceed according to emergency response and crisis management procedures depending on the circumstances: 1. Build up water reserve where possible after being notified of the disruption 2. Make shift changes according to business volume 3. Purchase water from other locations

Note: Aqueduct Water Risk Atlas was used for water risk assessment.

Water usage statistics of Primax Group - 2020

Unit: million liters



Plant	Taipei Headquarters	Dongguan Primax		Kunshan Primax	Chongqing Primax	Huizhou Tymphony	Dongguan Tymphony	Dongcheng Tymphony	Total	
		Liuwu	Mingzhu							
Water usage	11.69	536.91	64.07	27.38	30.25	102.63	115.13	54.96	943.01	
Water discharge	Wastewater from living activities	6.15	194.20	50.20	20.14	26.40	69.78	78.87	51.66	497.40
	Industrial wastewater	-	40.75	-	-	-	-	-	-	40.75
Water consumption	5.54	301.96	13.87	7.23	3.85	32.84	36.26	3.30	404.86	
Volume recycled	-	17.13	-	-	2.12	-	-	-	19.25	
Percentage of recycled water (%)	-	3.19%	-	-	6.99%	-	-	-	2.04%	

Note:

- Information was calculated by adding up data shown on monthly statements/payment slips across all plants.
- Data on water discharge is sourced from water balance chart of each plant.
- Water consumption = water used - water discharged.
- For Dongguan Primax Liuwu Plant, the water discharge volume is presented net of 100,000 liters of wastewater generated from the cleaning process, which was treated by a locally licensed service provider.
- For Dongguan Tymphony, the water discharge volume is presented net of 110,000 liters of wastewater generated from the coating process, which was treated by a locally licensed service provider.
- Apart from Dongguan Primax Liuwu Plant, all other sites are assembly plants and produce no industrial wastewater.



Wastewater management

River not only serves as a source of water, but also provides habitat that is vital to creating biodiversity. For this reason, we have devoted part of our environmental focus to keeping rivers clean. By tracking the volume of water discharged, we are able to ensure effective management of production effluents. In addition to the improvements made in 2016, the Company also implemented a number of environment-friendly measures this year, such as: (1) Construction of reclaimed water pool for production activities of three coating lines, (2) Auto sediment filtering for water recycling and minimization of effluent discharge, (3) Improvement of proprietary water treatment station with PH monitors/sampling pools for automatic monitoring of water quality data, and (4) More robust response measures.

With the exception of Liuwu Plant, which discharges industrial wastewater, all other plants of Primax Group draw water only for living and public uses. Waste treatment facilities of Liuwu Plant treated 40.75 million liters of wastewater, 194.20 million liters of wastewater from living activities in 2020; other plant sites produced 303.20 million liters of wastewater from living activities and all of which has been discharged into the local sewer in accordance with rules, and posed no significant impact to the local waterbody.

Effluent test results 2020 - Dongguan Primax Liuwu Plant

Unit: mg/L (except for pH value)

Measurement	pH	Suspended solids (SS)	Chemical oxygen demand (COD)	Biochemical oxygen demand (BOD5)	Ammonia	Total phosphorus	Oil-related	Anionic surfactants
Statutory standard	6~9	60	90	20	10	0.5	5	5
Results	7.61	7	15	3.4	0.223	0.07	<0.06	<0.05

Note: Tests were conducted by Shenzhen HS Test Technology Co., Ltd. on March 16, 2020.

Waste management

Waste produced by Primax Group can be classified into general waste, recycled waste, and industrial waste (including hazardous waste and general industrial waste). Total waste volume in 2020 was calculated at 2046.154T, down 14.69% from the previous year. A more in-depth analysis of waste content found general waste amounting to 1277.061T, representing 62.41% of total; meanwhile, recycled waste amounted to 669.345T, representing 32.71% of total; whereas industrial waste amounted to 99.748T, representing 4.87% of total. Volume of waste reduced compared to 2019 mainly due to active waste reduction plans being implemented at various sites, which greatly reduced the volume of treated waste. If classified by

method of treatment, Primax had 1,376.809T (including 1,277.061T of general waste and 99.748T of industrial waste) that required direct treatment, and 669.345T of recyclable waste that was being handed over for further treatment in 2020. For more details, please see "Primax Group Waste Chart."

We try not to dispose or bury our obsolete equipment; instead, we do what we can to make them reusable one way or another, and have gone to great extent in making sure that these equipment are recycled in a proper manner that poses no threat to employees' health or the environment. All plants have properly stored their industrial waste, they also engage licensed contractors to incinerate waste. Waste is legally transferred to an industrial waste processing station located in Shenzhen. Primax Group has managed all types of waste properly in manners that conform with laws in Taiwan and China. No significant leakage of waste had occurred in 2020.

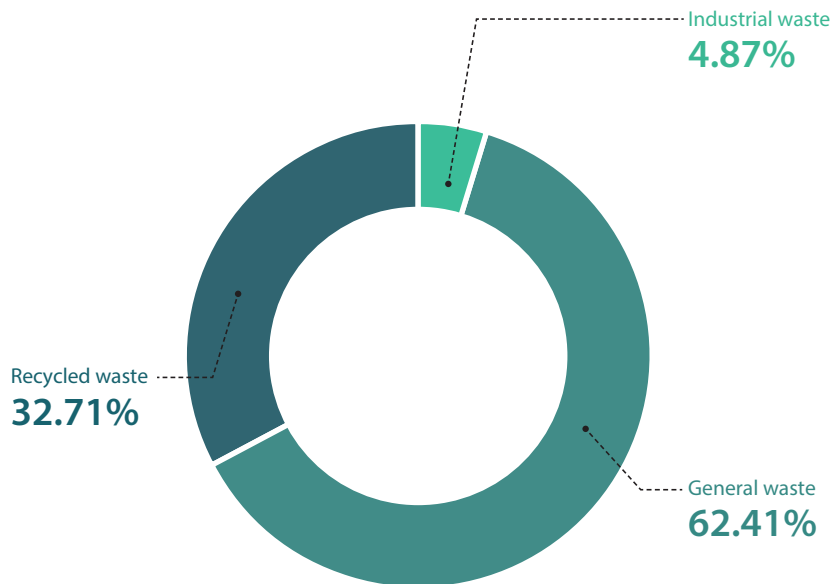


Primax Group Waste Chart

Unit: T

Waste category	2018	2019	2020	Compared to the previous year
General waste	1,519.311	1,619.878	1,277.061	-21.16%
Recycled waste	1,423.418	661.789	669.345	+1.14%
Industrial waste	87.839	116.922	99.748	-14.69%
Total	3,030.567	2,398.588	2,046.154	-14.69%

Note: Total waste volume represents the actual sum produced and measured in the current year.



Unit: T

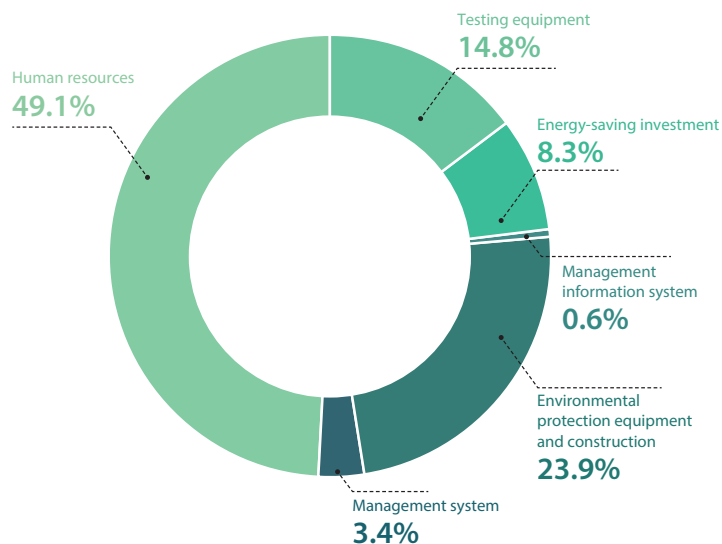
Waste category	On-site treatment		Off-site treatment		
	Weight (tonnes)	Treatment method	Weight (tonnes)	Treatment method	
Hazardous waste	Waste containers	2.98 Temporarily stored in plant	15.90	Incineration (including recycling of energy source), and other methods of disposal	
	Waste rag	0.456 Temporarily stored in plant	3.36	Incineration (including recycling of energy source), and other methods of disposal	
	Waste light tubes	0 -	0.05	Other methods of disposal	
	Waste plastic materials	2.714 Temporarily stored in plant	0.40	Incineration (excluding recycling of energy source)	
	Waste PCB	0.755 Temporarily stored in plant	20.42	Renewal and reuse	
	Waste organic resins	0 -	2.75	Incineration (including recycling of energy source)	
	Waste organic solvent and other waste	0.946 Temporarily stored in plant	4.26	Incineration (including recycling of energy source), renewal and reuse	
	Waste active carbon	0 -	17.26	Incineration (including recycling of energy source)	
	Waste filter	0.041 Temporarily stored in plant	1.30	Incineration (including recycling of energy source)	
	Waste filter	0 -	4.96	Incineration (including recycling of energy source)	
	Waste paint	0 -	4.90	Incineration (including recycling of energy source)	
	Waste cutting fluid	0 -	1.60	Other methods of disposal	
	Items containing waste residue	0 -	0.88	Incineration (including recycling of energy source)	
	Waste motor oil	0 -	2.80	Incineration (including recycling of energy source)	
	Waste packaging materials	0.262 Temporarily stored in plant	4.21	Incineration (including recycling of energy source)	
	subtotal	8.154		85.044	
	Non-hazardous waste	Waste from living activities	- -	1,277.061	Incineration (including recycling of energy source)
General waste		0 -	6.55	Incineration (including recycling of energy source)	
Paper		- -	507.463	Other means of recycling, renewal, and reuse	
Metallic		- -	75.048	Other means of recycling, renewal, and reuse	
Non-metal materials		- -	86.835	Other means of recycling	
subtotal		0		1,952.956	
Total	8.154		2,038		



Environmental protection expenditure

By leveraging its professional advantage, Primax Group has excelled in all assessment indicators and continues to be pro-active in improving production procedures and reducing energy consumption. Owing largely to our dedication in environmental protection, we have established our reputation as a role model business characterized by sound financial position, advanced technology, low resource consumption, low pollution, and high potentials.

Environmental protection expenditure helps us determine the efficiency of our environmental measures, and provides useful information for cost analysis. We will be keeping track and analyzing these expenses in a continuous and thorough manner so that the executive management may have a better understanding to the value of investments made for the purpose of mitigating environmental impacts. Meanwhile, we will continue to develop a comprehensive environmental accounting system to track a broader variety of information. Waste treatment, emission treatment, remedial costs, and prevention/environmental management costs are being monitored closely. Environmental expenses for 2020 were divided into six categories including: environmental equipment and engineering, management system, human resources, testing equipment, investments for energy saving, and information management system. For the reporting period, environmental expenses of the Group amounted to NT\$60,304,008, which were NT\$29,301,337 or 32.7% less compared to 2019. These changes were mainly attributed to the completion of energy-saving and testing equipment and recruitment of essential personnel in 2019.



Environmental protection spending of Primax Group - the last 3 years

Unit: thousands of NTD

Item	Category	Table of Contents	2018	2019	2020
1	Environmental protection equipment and construction	Waste treatment	7,002,613	4,377,570	5,759,166
		Water treatment	495,135	634,824	618,187
		Air treatment	1,645,286	1,780,623	4,969,408
		Equipment maintenance/consumables	2,860,740	6,608,444	1,107,405
		Environment verification	594,864	694,260	1,831,047
		Acquisition of environmental protection equipment	8,379,000	22,500	121,464
2	Management system	ISO 50001, ISO 14046, ISO 14001, ISO 45001, ISO 14064-1, and IECQ QC080000 certification	1,601,213	2,672,744	1,843,879
		Environmental impact assessment	972,000	243,000	202,500
3	Human resources	Employee salary (including GP)	31,708,106	42,531,099	29,587,891
4	Testing equipment	Acquisition of environment and GP testing equipment	7,083,000	14,620,136	6,300,000
		Maintenance/consumables expense	1,745,618	3,351,096	2,625,039
5	Energy-saving investment	Systems, constructions and materials	17,065,901	11,635,835	4,996,022
6	Management information system	GP Portal maintenance expense	442,215	433,215	342,000
Total			81,595,690	89,605,345	60,304,008



Column - Establishment of Medium and Long Term Goals through SBTi Approach

It is undeniable that climate change has given rise to extreme weather conditions throughout the world, and considering how the greenhouse effect plays a major role in this development, immediate actions must be taken to reduce greenhouse gas emission. As a response to this imminent threat, organizations including the Carbon Disclosure Project (CDP), UN Global Compact, World Resources Institute, and World Wildlife Fund jointly proposed the Science Based Target initiative (SBTi), introducing a number of tools to help businesses set carbon reduction goals and take progressive steps toward reducing GHG and mitigating climate change.

Being a responsible resident of the Earth, Primax devotes ongoing attention to the development of SBTi and adopted the SBTi approach in 2020 to evaluate greenhouse gas emission on a group level. The SBTi approach provides the basis for setting carbon reduction goals, which allows the organization to make meaningful contributions to the reduction of greenhouse gas emission.

Emission from direct and indirect energy use (Scope 1, 2)

The Company has adopted the following methodology for the evaluation of carbon reduction pathway. Considering that assembly makes up the majority of the Company's manufacturing activities and more than 90% of GHG emission is attributed to use of electricity, the Company has chosen the Absolute Emissions Contraction approach to devise its medium- and long-term reduction pathway, and set the following reduction targets:

To reduce GHG emission (CO₂e) by 30% in 2030 as compared to 2019 (the base year), which is equivalent to reducing GHG emission (CO₂e) by 2.73% each year.



Absolute Emissions Contraction	SDA*
Well Below 2 degree Scenario (WB2DS)	Beyond 2 degree Scenario (B2DS)
IPCC AR5(2014)	IEA Energy Technology Perspectives (ETP 2017)
Absolute contraction	Absolute contraction (Other Industry)
Absolute emission percentage (If intensity level is set as target, future revenues will have to be estimated for calculation)	Absolute emission percentage (If intensity level is set as target, future revenues will have to be estimated for calculation)

Approach 1: Absolute Emissions Contraction: to reduce emission by at least 2.5% per year compared to the base year.

- Approach 2: SDA: Involves the following steps
- Choose an industry classification; the Company is currently classified in Other industry
 - Obtain reduction pathway for Other industry from ETP report
 - Provide data on the Company's business activities (revenues) in the base year and forecast future business (revenue) growth
 - Apply the SDA contraction formula
 - Calculate carbon budget for the year (including Scope1, 2)



Column - Establishment of Medium and Long Term Goals through SBTi Approach

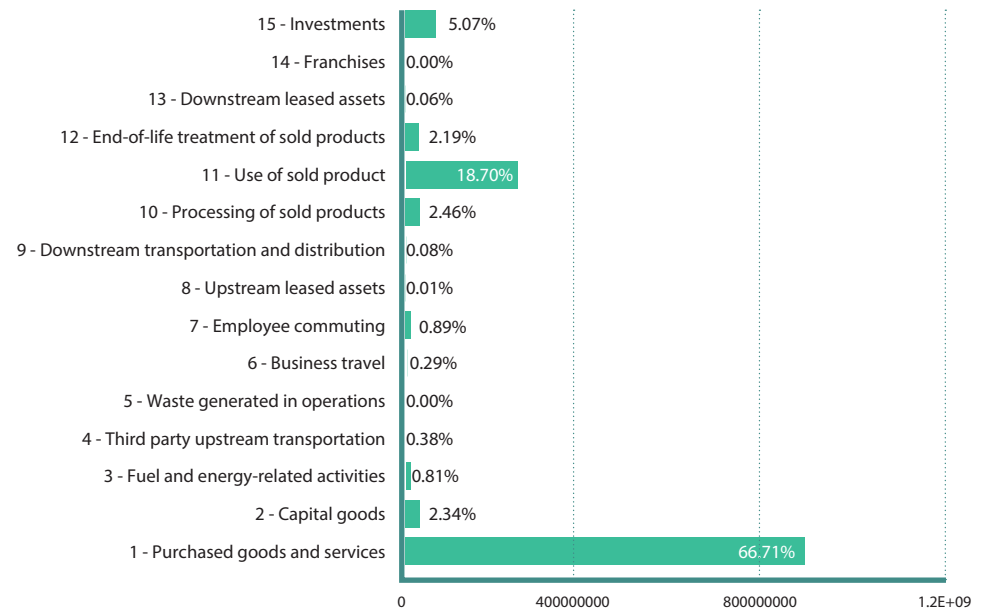
Emission from other indirect energy use (Scope 3)

Primax followed SBT rules and used GHG Protocol Scope 3 Evaluator for high-level analysis and evaluation of materiality. Based on C1-C15 classifications, corresponding information was brought in from annual report so that GHG emission can be estimated from financial data (such as employee count, product energy consumption, plant area, product weight, expenses.....). Outcomes of the high-level analysis provided important reference in the selection of Scope 3 survey in 2020.

Below are the results of the Company's high-level analysis for Scope 3 C1-C15. These results have been discussed internally, and after taking into account other factors such as international trends, customers' requirements, company policies, product characteristics, production methods etc., the Risk Assessment Chart was used to identify business activities that were to be surveyed for emission categories 3-6 according to ISO 14064:2018 in 2020. Transportation and shipment by upstream partners, transportation and shipment by downstream partners, business travel, products purchased, disposal of solid and liquid waste, product usage, and investment activities were the business activities that we have identified for survey and third-party assurance. Products/services purchased accounted for 66.71% of carbon emission while product usage accounted for 18.7%; they aggregately represented about 85% of Scope 3 emission, and will be the emphasis of the Company's future reduction efforts.

By adopting the SBTi approach and setting clear reduction targets, Primax is able to reduce greenhouse gas emission through systematic policies and methods. The SBTi approach also provides the basis for setting goals and indicators in line with TCFD, which allows the organization to respond to the risks and overcome the challenges of climate change early. The SBTi approach also enables Primax to examine carbon-reduction efforts with higher level of objectivity, evaluate the benefits and performance of carbon-reduction efforts at various parts of the supply chain, and identify carbon hotspots for meaningful actions.

Primax Scope 3 CO₂e value kg/year





3.2 Green product management

Component and material control using international standards

Primax Group produces the best quality electronics. All raw materials used are free of toxic and hazardous substances such as lead, mercury, and cadmium. We utilize Product Data Management (PDM), Primax GP Portal[®] and SAP[®] systems to verify the composition of all components used in our production. We have so far analyzed the composition of more than ten thousand components, and our database is gathering new entries every day. We abide and adopt international standards to help us evaluate chemical substances contained within various components. These standards include EU RoHS directives (effected since 2006) and Registration, Evaluation, and Authorization of Chemicals (REACH). They have given us a better understanding of how these substances affect our health and environment.

All products that we provide to customers have passed health and safety evaluation. The scope of our evaluation covers statement of compliance, RoHS test report, hazardous substance survey, substance safety survey, and safety/EMC standards conformity report. In 2020, no product and service was found to have violated any health or safety regulations or self-regulating rules. There had also been no record of fines imposed in this respect.

Robust green product management and strict compliance with IECQ QC080000

By combining existing information systems (PLM, SAP and GP Portal), Primax Group has developed a green product management system that addresses various aspects of its operation from regulation, customers' requirements, supplier management, product design to production control. This system enables us to evaluate toxic substances in raw material supply during as early as the product development stage. As part of our green product policy, we actively incorporate environmental concepts into green design and management. The green product management system mainly involves linking the GP system with the hazardous substance process to satisfy customer/legal requirements while protecting the environment.

Primax Group's hazardous substance management efforts are guided by International Electrotechnical Commission's IECQ HSPM QC080000 standards (Electrical and Electronic Components and Products Hazardous Substance Process Management System Requirements). These standards are being followed strictly from customer/legal requirements, component identification, supplier management, raw material examination, production, inventory, shipment, to employee training. All production sites of the Group are equipped with chemical laboratories and instruments of equivalent grade as the ones used by third-party examiners. These laboratories enable the Company to analyze and manage hazardous substances. Instruments and equipment are calibrated on a regular basis and tested with the assistance of independent third parties. Employees are required to undergo proper training and pass tests before proceeding with testing works.

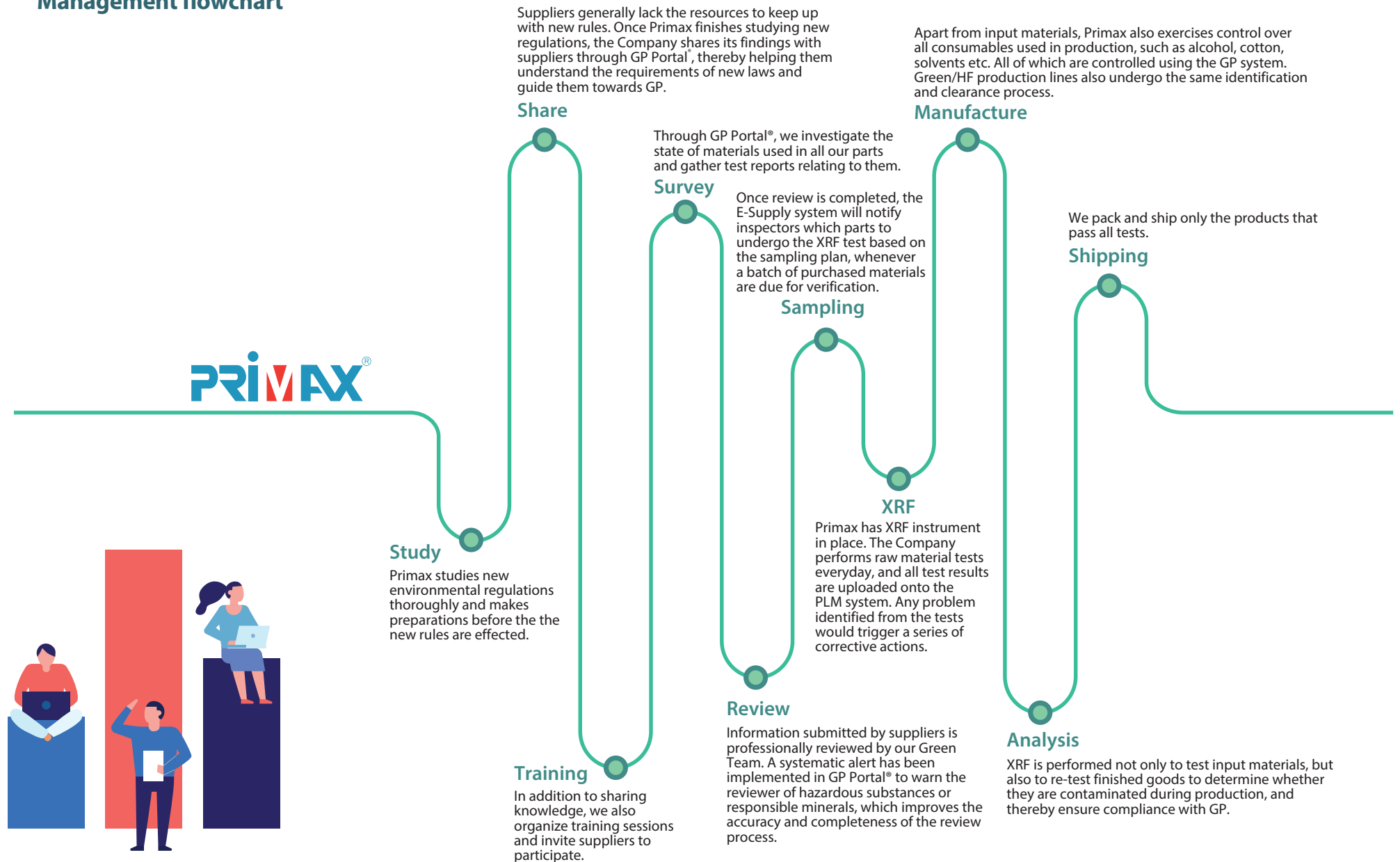
If any toxic substance is detected within products, steps will be taken immediate to reduce and eliminate them from design, or explore safer, alternative sources of supply. By eliminating toxic substances from the production process, Primax not only protects workers but also prevents consumers from harm and avoids causing pollution to land, air and water.

Today, countries including the USA, Japan and the EU have prioritized their efforts to control this type of substance through regulations. Examples of which include California Toxic Toy Bill AB-1108, REACH Annex 17, and Taiwan BSMI's CNS 4797. Given the fact that phthalate ester (PAE) is a very common plasticizer used in the production of plastics and poses potential threat to human health, the Group has taken steps to control the use of PAE and achieve toxicity-free production.

Primax introduced an input materials inspection data platform in the second half of 2020, along with robust information practices (barcode labeling and scanning), to record test statistics on input materials and ensure accuracy of data on samples.



Management flowchart





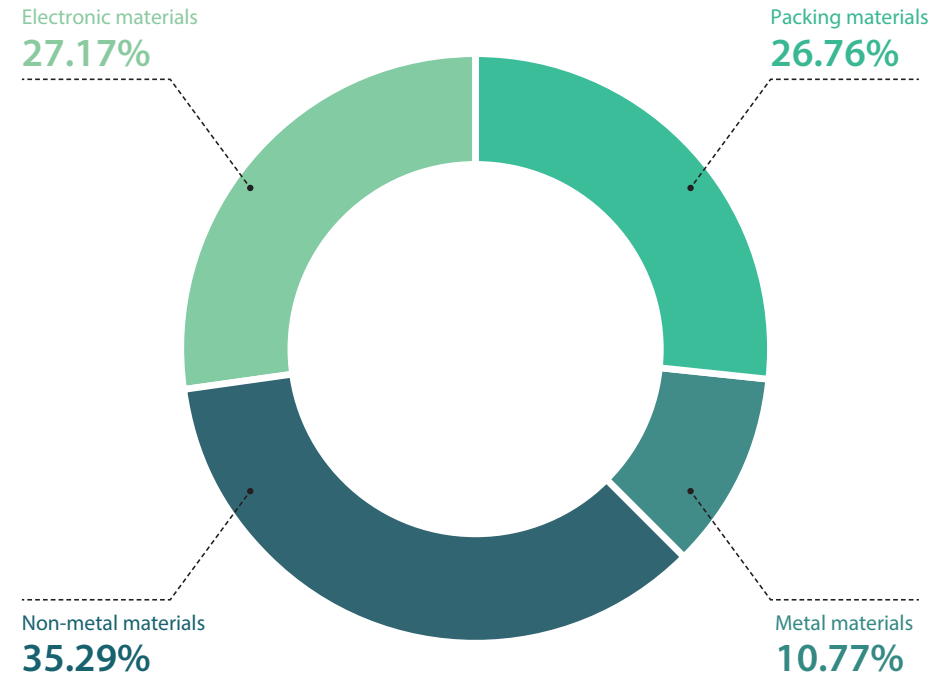
Raw material consumption statistics

Primax Group consumed 92,457,715 kg of raw materials in 2020, which was 2.77% more than 2019. These raw materials comprised 4 main categories: metallic, non-metallic, electronic, and packaging materials. All of which were non-renewable.

Unit: kg

Name of material		2018	2019	2020
Metal materials	Iron	7,287,493	5,806,559	4,898,447
	Aluminum	1,074,352	540,027	1,143,156
	Copper	66,329	42,284	55,633
	Others Metals	2,934,805	2,171,466	3,863,261
Non-metal materials		27,860,611	40,692,717	32,631,222
Electronic materials		25,771,623	20,187,401	25,122,346
Packing materials		19,937,985	20,525,345	24,743,650
Total		81,416,042	89,965,799	92,457,715

Note: Data on 2019 raw material consumption was revised following a change of 2019 data by Tymphony.



Advanced green product R&D and manufacturing

Primax Group has always been dedicated to enforcing green production and corporate sustainability, including the introduction of green product management practices since 2003 that aim to address 3 main aspects: hazardous substance, green design, and supply chain management. Meanwhile, greenhouse gas and carbon footprint surveys have been incorporated into the production process. International rules that the Company is bound to comply include:

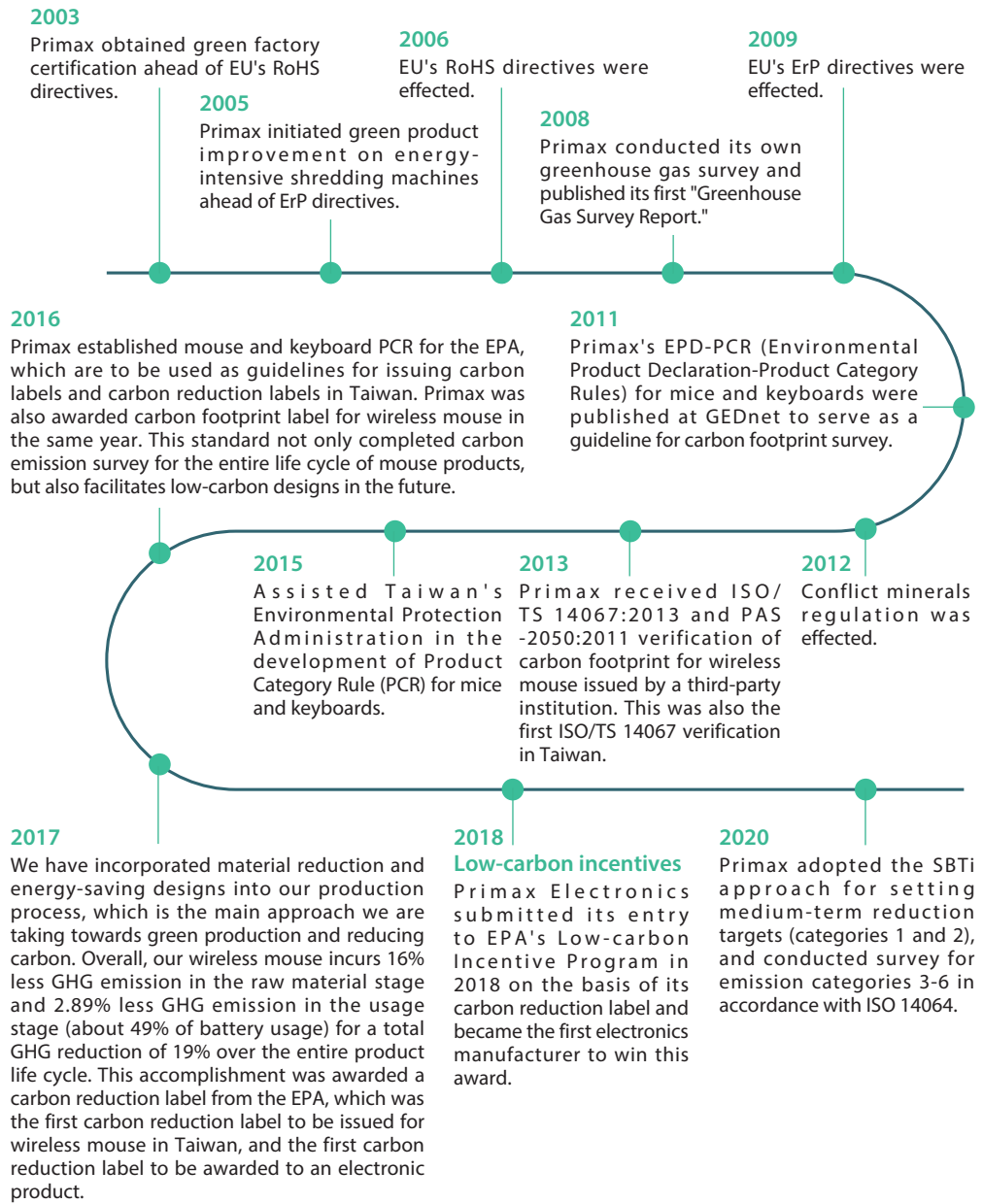


- 1 Chemical substance management: EU RoHS, EU ErP directives and conflict minerals
- 2 E-Waste (ease of disassembly and recycling)
- 3 Energy consumption improvements: EU ErP directives, Energy Star, GHG inventory and Carbon Footprint

Driven by this initiative, Primax's PC Input Device Department is actively incorporating green designs and energy-saving technologies into mouse products. Apart from producing products to customers' requirements, Primax also led the industry in establishing multiple standards. Over the course of applying carbon/carbon reduction labels, we were able to develop product carbon footprint and GHG survey processes for our factories and supply chain. By incorporating green designs into our products, we aim to reduce energy and carbon and fulfill Primax's vision towards environmental protection and sustainability. Over time, we shall apply this technology to other product categories to meet customers' requirements and further enhance product competitiveness.

Since Primax Group is not a brand owner, it does not sell carbon and carbon reduction-labeled mice to end consumers, but donate them to Nanhu Elementary School and Song Shan Primary School in Taipei City, Dahu Elementary School in Miaoli County, Tao Yuan Elementary School in Taitung County and charity organizations for environmental education. Through carbon label-certified mouse, we hope to raise the public's awareness towards greenhouse gases, and contribute to public welfare and environmental education.

In 2018, Primax Electronics remained dedicated in achieving "carbon reduction through green, energy-saving and minimal waste design" and continued to submit entry for EPA's Low-carbon Incentive Program. It became the first electronics manufacturer in Taiwan to win an Award of Excellence not only for its carbon reduction label, but also for ranking top 10% in reduction performance within the given product category. This recognition has been a strong affirmation to our green product philosophy and practices.

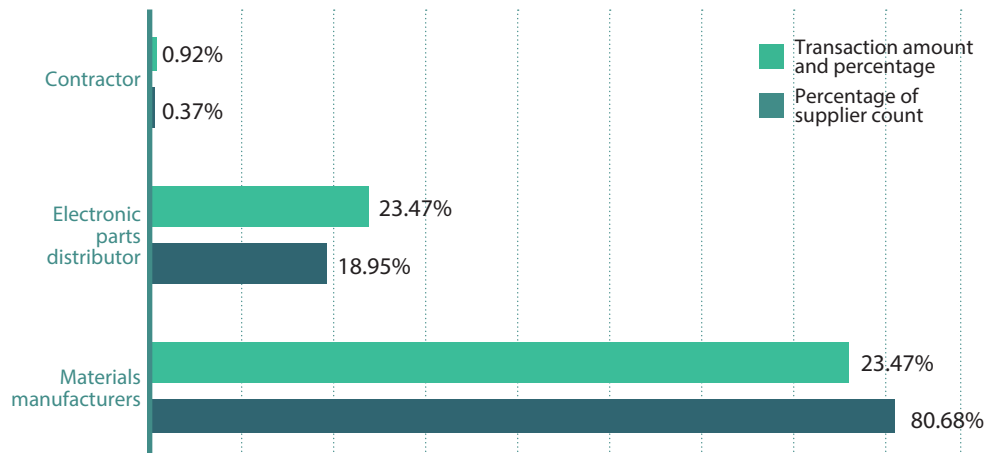


3.3 Sustainable supply chain management

Supplier overview

Primax Group manufactures an extensive range of products from computer peripherals (mouse and keyboard), mobile device components, office machines, to Smart Home and acoustics. There are three categories of supplier that are directly relevant to our production, including: 1,528 raw material producers, 359 electronic parts distributors, and 7 subcontractors for a total of 1,894. Regionally, 286 suppliers were located in Taiwan, 1,437 were from China (including Hong Kong), and 171 were from other countries. Total transactions with suppliers amounted to approximately NT\$51 billion in 2020.

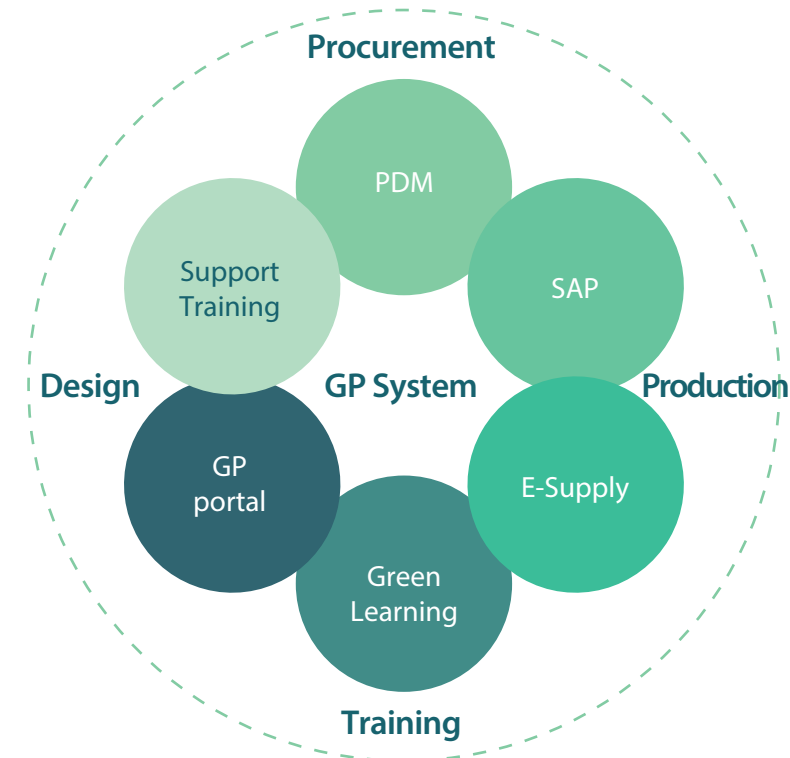
Supplier procurement percentage



Supplier environmental responsibilities management

Primax GP Portal® - Seamless connection of the global green supply chain

Primax has a green product management platform in place to control its raw material supply chain at the source. With PDM® system at the base, the Company has developed an integrated management information system by combining GP Portal®, SAP® and other information platforms to effectively reduce the time and cost of our processes. This integrated system controls virtually every aspect of our operation from customers' requirements, regulations, design, suppliers, procurement, production, to training.





Creation of green product management platform and raw material control at source

We take supplier reviews as a means to improve suppliers' capabilities. A comprehensive set of procedures has been developed to help suppliers improve and comply with the Company's supplier management policies. All new Primax suppliers are required to undergo QCDS (Quality, Cost, and Delivery) assessment before conducting business. Suppliers of special stature (e.g., world-renowned manufacturers, vendors specifically designated by customers etc.) are still subject to comply with QCDS requirements, the only difference is that documentary review may proceed using declarations issued by these suppliers (such as statement of environmental commitment or other self-declared environmental assessments). Only those that pass the Company's review may be included in the Approved Vendor List (AVL).

After the initial qualification, the Company conducts regular on-site inspections and organizes training courses on hazardous substances and GHG inventory to make sure that suppliers continue to meet our requirements. The following is a list of commitments that suppliers are asked to sign and submit as an assurance that their raw materials and finished goods are entirely compliant with local and international initiatives, environmental regulations, internal policies and business code of conduct. Apart from environmental protection, it is also mandatory for suppliers to make commitments with regards to intellectual properties, confidentiality, order placement, source of materials and compliance with relevant standards.

<p>Responsible minerals</p>	<p>Since 2012, Primax Group has strictly complied with the "Conflict Mineral Law" and refrained from using and purchasing conflict minerals (such as: coltan, tin, gold and wolframite) that originate from Democratic Republic of the Congo, while at the same time demanded all suppliers to make commitment to using responsible minerals and ensure that all minerals (such as: coltan, tin, gold and wolframite) used in production will not finance armed conflicts. This policy forms an essential part of our supplier management and product design, and we require suppliers to disclose information of their smelters and make announcements over GP-Portal® for any conflict metal discovered in their supply.</p>	<p>Responsible minerals policy Primax Group does not purchase minerals (such as coltan, tin, wolframite, gold...) that are acquired through force or gathered in ways that violate human rights, or any products made from such minerals. Primax Group has also made the following commitments with respect to conflict minerals:</p> <ol style="list-style-type: none"> 1. To purchase 3TG materials (such as CFSP certification or equivalent) from Conflict-Free certified smelters, and allow certified materials that originate from Democratic Republic of the Congo and nearby countries. 2. Perform due diligence investigation and risk management on suppliers according to OECD DDG. 3. Instruct suppliers to perform their own due diligence investigations and risk management according to OECD DDG.
<p>Restricted substances</p>	<p>It is mandatory for suppliers to guarantee that all products sold to the Group are free of hazardous substances prohibited by local regulations, whether in raw materials, dyes, solvents, consumables, packaging, or production process. Furthermore, suppliers are also demanded to comply with Primax's specific requirements and terms of QW-5Q002 - Green Product Chemicals Specification for all substances contained in raw materials, dyes, solvents, consumables, packaging, and production process.</p>	<p>Green product policy</p> <p>As part of its commitment to providing excellent products and services, Primax actively enforces environmental protection ideas into its green design and management practices. In doing so, the Company not only complies with laws and meets customers' requirements, but also fulfills its duties as a corporate citizen.</p>
<p>RBA Code of Conduct (formerly EICC)</p>	<p>All new suppliers are required to sign a "Supplier Statement" that includes a commitment to comply with the latest Code of Conduct developed by the Responsible Business Alliance (RBA; Version 6.0). Their commitments would ensure the safety of work environment, respect of employees, protection of local environment, and morality in future business engagements.</p>	



Supplier social responsibilities management

Coordinating with suppliers on social responsibilities

Primax Electronics demands more than just performance and quality from its suppliers. Before commencing business relationship, suppliers are required to sign a "Supplier Statement," which is a declaration of integrity and a commitment to social and environmental responsibilities. In doing so, we make sure that suppliers are aware of our requirements on social/environmental responsibilities and able to comply with business ethics. We require 100% of our new suppliers to sign the Supplier Statement. To enforce the terms of the statement, we make online and offline checks on suppliers' fulfillment of social/environmental responsibilities on a yearly basis, and in doing so evaluate their CSR performance while at the same time identify risks and improvement opportunities. For suppliers that do not meet the requirements, we help them improve within the specified time. Suppliers that fail to make satisfactory improvements will be replaced with other suppliers that meet our ethical and environmental standards. Furthermore, we maintain regular contact with suppliers and conduct annual reviews, unscheduled surveys etc., to make sure that they keep up the expected standards.

Commitment and action

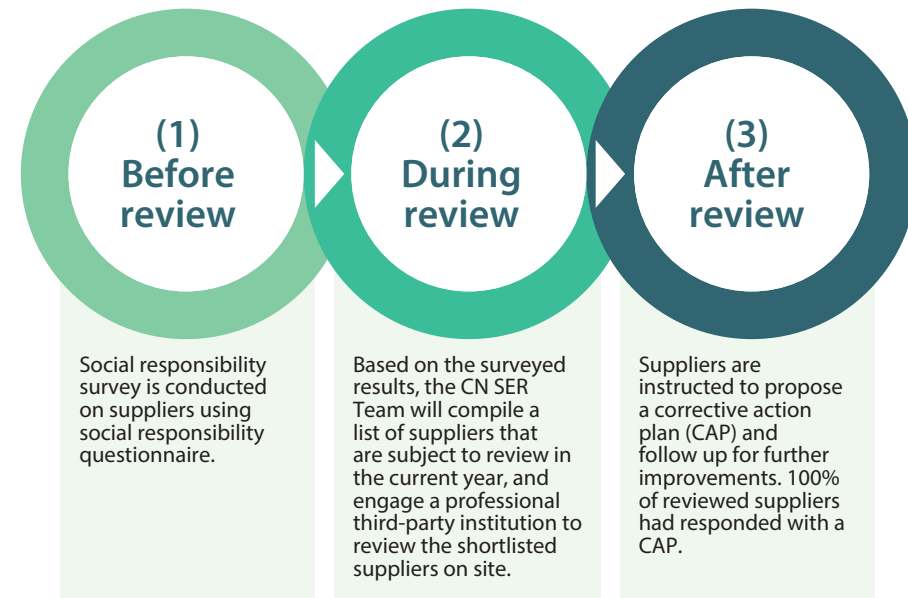
As part of our corporate social responsibilities, Primax Electronics has implemented policies to prohibit use of child labor and forced labor, whereas stringent recruitment process and regular internal reviews are being carried out to eliminate even the slightest chance of occurrence. Meanwhile, all potential and existing supply partners are being informed to comply with regulations and rules of RBA concerning prohibition of child labor.

In terms of integrity commitment, Primax requires all its suppliers and their employees to maintain integrity in all trading and transaction activities, including but not limited to: procurement of materials, work contracting, outsourced production, transfer of equipment, treatment of obsolete/waste materials, customs reporting, workforce dispatch, and subcontracting. Suppliers are encouraged to report any intentional or unintentional violation of proper procurement conduct by a Primax employee. These incidents may be reported via physical mail or e-mail through the following channels with details such as the employee's name, supplier's contact method, the violation committed or relevant evidence.

- **Grievance hotline:** +886-2-27989008 ext: 1046
- **Email:** tina.lee@primax.com.tw

Online survey, risk identification, on-site verification and improvements

Review process



Primax Group prepares supplier social responsibility questionnaires based on local laws, RBA Code of Conduct, customers' instructions and other applicable requirements, and uses them to establish knowledge on suppliers' profile, certification, production procedures, responsibility standards, policies and execution. All suppliers are required to complete the questionnaire online within the given time.

During the reporting period, we followed the materiality principle and shortlisted suppliers (except customer-specified suppliers, distributors, and overseas suppliers), on-site service providers, and worker agencies that accounted for 80% of the Group's transactions for social responsibilities risk assessment (online). A total of 101 suppliers were chosen, including 62 from Primax Electronics and 39 from Tymphany. The risk assessment takes into account local regulations, RBA standards, customers'



requirements, Primax's corporate social responsibility management rules, and other requirements as deemed applicable. Suppliers are assessed on a multitude of aspects including: basic profile, certification for various systems, specialized production procedures, execution of social responsibility standards, and the design and implementation of relevant systems. In August 2020, Primax distributed risk self-assessment questionnaires to 62 suppliers through its GPMS, and assigned the CN SER Team to review suppliers' responses and documents. 100% of suppliers have replied to the questionnaire and made necessary adjustments to date.

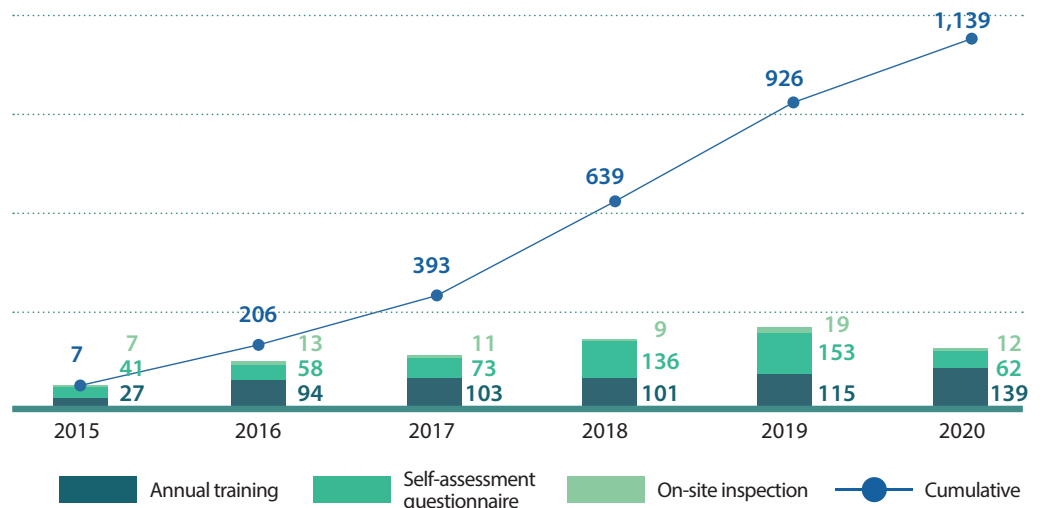
The CN SER Team assessed risks for each supplier after taking into account the degree of impact (size, production characteristics etc.), likelihood (maturity of SER management), and controllability (business relations). Based on the outcomes of the assessment, the CN SER Team was able to identify high-risk suppliers and shortlist subjects for on-site inspection to support transaction strategies in the future. In order to monitor fulfillment of suppliers' social responsibilities and ensure the professionalism and objectivity of the review process, we have engaged third-party institutions to inspect suppliers on-site with regards to workers' rights, health and safety, environmental protection, commercial ethics, and social/environmental responsibility management. In 2020, Primax Group conducted on-site audit on 12 suppliers and found no child labor, forced labor, compulsory labor, or violation against freedom of association in any of our suppliers. However, we did discover improper work hours management and unsatisfactory maintenance of emergency facilities among suppliers that were of more significant impact to Primax. 100% of suppliers have proposed corrective action plans (CAP) in response to the verification findings; their improvement progress is being tracked regularly (30 days, 60 days, and 90 days), and average improvement rate was calculated at 87% as of the time of this report. In conjunction with ongoing disease control practices, we plan to work with suppliers on addressing health, safety, and environmental issues as the priority in 2021, and will conduct on-site reviews to determine the improvements made.

Primax values stakeholders' attention and works closely with suppliers to increase learning opportunities and resources for mutual progress. It is also our policy to coordinate with suppliers on making improvements to potential risks. This is why we have engaged a third-party institution since 2015 to organize

annual social responsibility training for suppliers. Due to ongoing disease control, training in 2020 was conducted online instead of offline, and incorporated themes that were relevant to the pandemic and changes in RBA standards. 3 online courses covering changes in RBA 6.1.0, emergency response, and review of common social responsibility issues were introduced during the year; a total of 62 suppliers had taken up the courses and 100% of which completed the post-course test. Primax also communicated with another 77 suppliers on RBA guidelines through e-mail. Overall, a total of 139 suppliers had participated in Primax's social responsibility training in 2020. We will continue to promote social responsibilities in the future and devise suitable and effective courses that conform to suppliers' needs.

Overall, Primax engaged a total of 1,139 suppliers on social responsibilities in 2020, using methods such as questionnaire, on-site inspection, online/offline training, and sharing of relevant information. We will continue to demand more attention and efforts from our suppliers into social and environmental responsibilities, and work side-by-side with suppliers toward enhancing CSR management.

Cumulative number of suppliers covered



4



Friendly Workplace

Safeguarding employees' health

- 4.1 Employee overview
- 4.2 Productive labor-management relations
- 4.3 Support for skill development
- 4.4 Safe and healthy workplace
- 4.5 Care for public interest



Column - e-Sport Career Camp



Column - SROI Evaluation Project



4.1 Employee overview

Primax considers employees to be its greatest advantage, and prides itself for having creative and pro-active employees as well as a top-performing management team. Primax has a multi-national management team that brings global and industry visions to help Primax expand and globalize.

Join Primax in defining our future!

Primax considers employees to be its greatest advantage, which is why the Company always prioritizes employees' wellbeing over all else when developing plans. Starting with a "favorable work environment," Primax introduced four new people-oriented measures that aim to improve employees' "mood," "health," "relationship," and "vision," and build a corporate culture of care and respect that is fully reflected in management practices and workplaces for the benefit of Primax employees. Primax has a multi-national management team that brings global and industry visions to guide Primax towards sustainable growth and globalization. Primax prides itself for having creative and pro-active employees as well as a top-performing management team. We respect and appreciate every employee for their contribution, and look forward to growing with them in the future.

Video link



Employee policy driven by humanity

At Primax Group, we value people and strive to cater for employees' safety and comfort in the workplace while at the same time assure them the respect and dignity they deserve. These are the reasons why we have implemented equal employment policies and engage local employees in full communication, so that employees are treated fairly anywhere we operate.

In addition to ensuring fair treatment across all employees, Primax takes proactive steps toward preventing discrimination and use of child/forced labor in the workplace by establishing principles based on guidelines of Responsible Business Alliance (RBA) and international conventions. We make it our responsibility to create a fair, safe and comfortable working environment, and eliminate bonded labor, underage labor, and excessive work hours throughout the organization. Primax Group found no discrimination or use of child/forced labor in 2020, and encountered no material complaint or occurrence relating to the above issues. The following are practical measures and principles that Primax Group has adopted in relation to the above:





Non-
discrimination

With respect to non-discrimination, Primax Group complies with Act of Gender Equality in Employment, RBA code of conduct and relevant international conventions to ensure that employees are not treated differently because of their gender. Furthermore, female employees are granted monthly menstrual leaves and maternity leaves that can be taken before and after childbirth, while all employees, male and female alike, are entitled to apply for family care leave or unpaid parental leave, and be reinstated unconditionally at the end of their leave. In addition to non-discrimination at the gender level, the Company also complies with the People with Disabilities Rights Protection Act by hiring a guaranteed number of employees with disabilities. Employees with disabilities are treated equally within the organization, and the Company extends assistance whenever is needed without discrimination of any kind.



Prohibition
against
child labor

Social responsibilities management is a key part of Primax's daily operations, and fulfilling social responsibilities is a prerequisite for producing quality products and satisfying customers' needs. All operations of Primax Group strictly comply with laws, industry standards and customers' requirements regarding prohibition of child labor and underage labor. The Group evaluates child labor risks on a yearly basis, and has implemented policies in accordance with globally recognized human rights principles to prohibit the use of child labor. The Company has a "Child Labor & Underage Labor Policy" that specifically prohibits recruitment of child labor and introduces practices such as ID check, system check, social security alert, annual review and internal approval to minimize risks of child labor. Remedies for discovered use of child labor (past or present) have also been outlined in the policy. Contents of the above policy are covered in orientation and annual training to ensure that all new recruits, existing managers and employees are familiar with the prohibitions in place.

Primax applies this requirement uniformly across all suppliers, and has implemented rules and measures to eliminate use of child labor throughout the supply chain. The Company found no presence of child labor from online and offline supplier assessments conducted in 2020.



Non-forced/
non-compulsory
labor

Primax has always considered employees to be the critical advantage, which is why we adopt a people-oriented culture and respect employees' rights. The Company has policies in place to prohibit all forms of slavery and human trafficking, including forced, bonded and penal labor, as well as any exploitation and sale of labor. The Company makes sure that all work activities are conducted willingly and compensated in a humane manner. Employees are encouraged to make anonymous report of any suspicions concerning use of forced labor without fear of retaliation. The Company also promotes employees' awareness on this topic through orientation, annual training and bulletins.

Primax's attention on forced labor extends throughout the supply chain, and suppliers' compliance with the policy is continually enforced through means such as annual training, information sharing, and online/offline assessment. Currently, no supplier exhibits any risk of forced labor. Meanwhile, operations in China are starting to include human rights-related activities and compliance as part of their internal social responsibilities assessment for ongoing review and improvement.



Employee structure

Primax Electronics (including Taipei Headquarters, Dongguan Primax, Chongqing Primax, and Kunshan Primax) had 7,409 employees in 2020, 7,377 of whom (3,910 male and 3,467 female) were permanent while the other 32 (15 male and 17 female) were temporary employees. Meanwhile, the subsidiary - Tymphany (including Dongguan Tymphany, Huizhou Tymphany, and Dongcheng Tymphany) had 4,169 employees and 4,138 of whom (2,322 male and 1,816 female) were permanent while the other 31 (25 male and 6 female) were temporary hire.

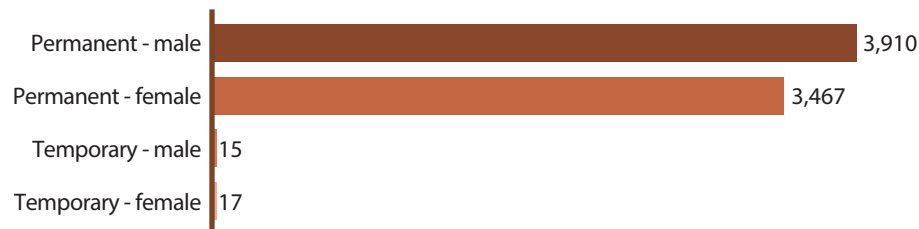
Primax Group employees by contract type - 2020

Contract type		Permanent						Temporary						Total
Office location	Gender	Male			Female			Male			Female			
	Age	Below 30	30-50	51 and above	Below 30	30-50	51 and above	Below 30	30-50	51 and above	Below 30	30-50	51 and above	
Primax Electronics	Taipei Headquarters	26	491	77	17	160	31	5	4	2	9	3	4	829
	Dongguan Primax	930	1,576	30	565	1,327	14	4	0	0	0	1	0	4,447
	Chongqing Primax	204	299	0	212	866	0	0	0	0	0	0	0	1,581
	Kunshan Primax	148	129	0	120	155	0	0	0	0	0	0	0	552
	Total	1,308	2,495	107	914	2,508	45	9	4	2	9	4	4	7,409
Tymphany	Dongguan Tymphany	475	717	15	261	485	5	0	1	0	0	0	0	1,959
	Huizhou Tymphany	332	549	46	168	485	10	24	0	0	6	0	0	1,620
	Dongcheng Tymphany	55	119	14	80	320	2	0	0	0	0	0	0	590
	Total	862	1,385	75	509	1,290	17	24	1	0	6	0	0	4,169
Total		2,170	3,880	182	1,423	3,798	62	33	5	2	15	4	4	11,578

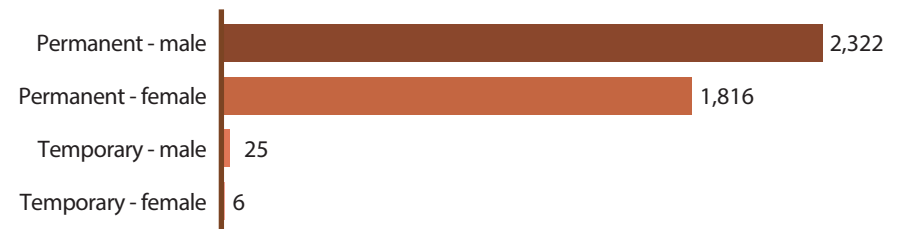
Note:

1. The above information is compiled based on records of the human resource system dated December 31, 2020. No assumption was applied.
2. Temporary employees refer to those hired under fixed-period contracts, and consist mainly of administrative support staff.
3. Primax Group had fewer employees in 2020 compared to the previous year; this was mainly attributed to the ongoing pandemic, which disrupted the Group's personnel deployment plan.

Primax Electronics employees by contract type



Tymphany employees by contract type





The size of "workers" did not account for more than 50% of total employees at Primax Group. Workers primarily consisted of contract employees and suppliers' representatives, and the size may vary depending on production labor requirements at different times of the year. All temp worker agencies and contractors partnered with Primax Group have been instructed to comply strictly with laws. Business relationship will be terminated immediately upon discovery of any violation against law.

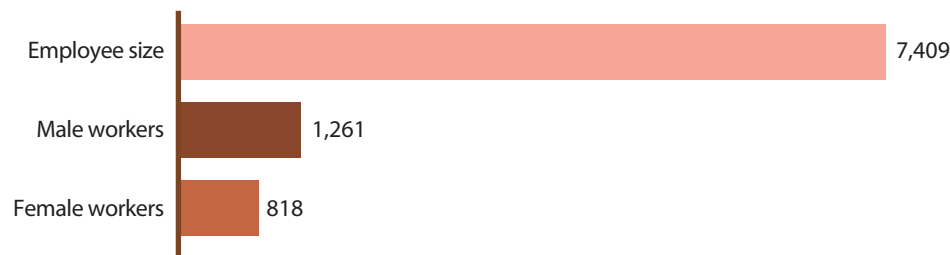
Primax Group employee/worker count and percentage - 2020

Office location	Job type	Employee count	Workers			Worker percentage
	Location		Male	Female	Total	
Primax Electronics	Taipei Headquarters	829	11	7	18	2.13%
	Dongguan Primax	4,447	791	430	1,221	21.54%
	Chongqing Primax	1,581	430	351	781	33.07%
	Kunshan Primax	552	29	30	59	9.66%
	subtotal	7,409	1,261	818	2,079	21.91%
Tymphony	Dongguan Tymphony	1,959	222	130	352	15.23%
	Huizhou Tymphony	1,620	641	297	938	36.67%
	Dongcheng Tymphony	590	136	79	215	26.71%
	subtotal	4,169	999	506	1,505	26.52%

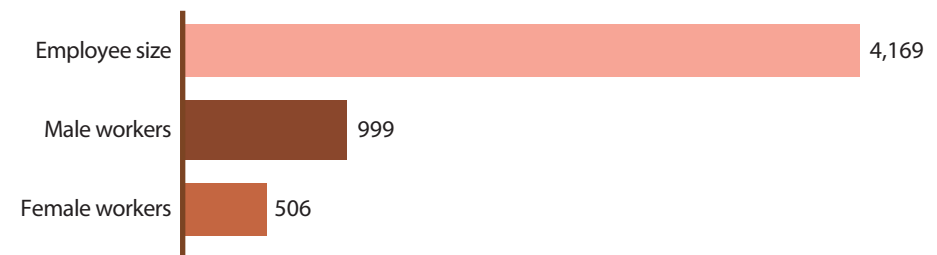
Note:

1. Percentage of workers at various operations = workers per operation / (total employees per operation + total workers per operation).
2. Workers consist of contract employees and supplier representatives.
3. For the protection of employees' interest, Tymphony has been converting new recruits (including temps and suppliers' stationed contacts) into permanent employees after three months of service since 2019 (Tymphony's figures in the above chart represent the number of workers having served for less than three months).
4. The above information is compiled based on records of the human resource system dated December 31, 2020. No assumption was applied.

Distribution of Primax Electronics employees and workers



Distribution of Tymphony employees and workers





Diversity and equal opportunity

Primax Group operates a headquarters in Taiwan and several subsidiaries and production sites in China. We believe that it is our responsibility to care for local residents, which is why we try to employ local residents where possible, and in doing so contribute to the development of the local economy.

The Group also strives to expand the diversity of its workforce; apart from locals, Primax recruits foreign employees and engages actively in international exchange so that the company and employees may get in touch with different cultures and customs, and develop perspectives and thinking in different directions. Out of care for society, the Company recruits a minimum number of people with disabilities each

year, providing them an opportunity to put their skills to work and make a living on their own.

In 2020, Primax Group hired 18 foreign workers and 72 people with disability. Although the Group did not employ people with disability to the minimum quota, the organization paid monthly compensations for the shortfall as required by law, and continues to search for people with disability of suitable skills that can be hired to ensure compliance with local regulations. The following shows age and gender distribution of employees at Primax Group:

Diversity of Primax Group employees 2020 - by age and gender

Persons with disability

Age/gender	Below 30				30-50				51 and above				Total	
	Male		Female		Male		Female		Male		Female			
Office location	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Taipei Headquarters	1	3.23%	0	0.00%	2	0.40%	1	0.61%	1	1.27%	1	2.86%	6	0.72%
Dongguan Primax	12	1.28%	5	0.88%	21	1.33%	3	0.23%	0	0.00%	0	0.00%	41	0.92%
Chongqing Primax	7	3.43%	3	1.42%	5	1.67%	6	0.69%	0	0.00%	0	0.00%	21	1.33%
Kunshan Primax	0	0.00%	2	1.67%	2	1.55%	0	0.00%	0	0.00%	0	0.00%	4	0.72%
Dongguan Tymphany	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Huizhou Tymphany	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Dongcheng Tymphany	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
subtotal	20	0.91%	10	0.70%	30	2.16%	10	0.26%	1	0.54%	1	1.52%	72	0.62%



Foreign employees

Age/gender	Below 30				30-50				Age 51 and above				Total	
	Male		Female		Male		Female		Male		Female			
Office location	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Taipei Headquarters	0	0.00%	0	0.00%	2	0.40%	1	0.61%	3	3.80%	0	0.00%	6	0.72%
Dongguan Primax	0	0.00%	0	0.00%	2	0.13%	0	0.00%	1	3.33%	0	0.00%	3	0.07%
Chongqing Primax	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Kunshan Primax	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Dongguan Tymphony	1	0.21%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	1	0.05%
Huizhou Tymphony	0	0.00%	0	0.00%	5	0.91%	0	0.00%	2	4.35%	1	10.00%	8	0.49%
Dongcheng Tymphony	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
subtotal	1	0.05%	0	0.00%	9	0.23%	1	0.03%	6	3.26%	1	1.52%	18	0.16%

Note:

- Percentage of employees with disability at various sites by age and gender = number of employees with disability at each site in 2019, by age and gender/total employee count of the given age group and site at 2020 year-end.
- Percentage of foreign employees at various sites by age and gender = number of foreign employees at each site in 2020, by age and gender/total employee count of the given age group and site at 2020 year-end.
- Foreign employees refer to those who are neither Taiwanese nor Chinese nationals.
- The above information is compiled based on records of the human resource system dated December 31, 2020. No assumption was applied.

Distribution of persons with disability within Primax Group



Distribution of foreign employees within Primax Group





Talent recruitment and retention

We value and care for employees' actual experiences in the workplace. The Company constantly observes new recruits and resigned employees, and evaluates the effectiveness of existing measures and welfare to determine whether it has accomplished its goal of creating an equal and friendly workplace. Primax Group recruited 8,880 new employees (5,489 male and 3,391 female) in 2020, representing a new recruitment rate of 76.70%; new recruits of Primax Electronics totaled 4,539 (2,511 male and 2,028 female), representing a new recruitment rate of 61.26%, whereas new recruits of Tymphony totaled 4,341 (2,978 male and 1,363 female), representing a new recruitment rate of 104.13%.

New recruits hired by Primax Group - 2020

Age/gender	Below 30				30-50				Age 51 and above				Total		
	Male		Female		Male		Female		Male		Female				
Office location/Item	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	
Primax Electronics	Taipei Headquarters	14	45.16%	6	23.08%	109	22.02%	20	12.27%	3	3.80%	0	0	152	18.34%
	Dongguan Primax	657	70.34%	301	53.27%	304	19.29%	186	14.01%	0	0.00%	0	0	1,448	32.56%
	Chongqing Primax	248	121.57%	244	115.09%	95	31.77%	333	38.45%	0	n/a	0	n/a	920	58.19%
	Kunshan Primax	772	521.62%	538	448.33%	306	237.21%	397	256.13%	3	n/a	3	n/a	2,019	365.76%
subtotal	1,691	128.40%	1,089	117.98%	814	32.57%	936	37.26%	6	5.50%	3	6.12%	4,539	61.26%	
Tymphony	Dongguan Tymphony	588	123.79%	246	94.25%	249	34.68%	177	36.49%	2	13.33%	0	0.00%	1,262	64.42%
	Huizhou Tymphony	1,481	416.01%	546	313.79%	646	117.67%	380	78.35%	2	4.35%	2	20.00%	3,057	188.70%
	Dongcheng Tymphony	5	9.09%	6	7.50%	5	4.20%	6	1.88%	0	0.00%	0	0.00%	22	3.73%
subtotal	2,074	234.09%	798	154.95%	900	64.94%	563	43.64%	4	5.33%	2	11.76%	4,341	104.13%	

Note:

1. Percentage of new recruits hired at various sites by age and gender = number of new recruits hired at each site in 2020, by age and gender/total employee count of the given age group and site at 2020 year-end.
2. Percentage of new recruits hired at various sites = number of new recruits hired at each site in 2020/total employee count of the given site at 2020 year-end.
3. New recruits exclude those who resigned during the year.
4. Kunshan Primax has the tendency to hire large number of short-term agricultural workers due to the distinctive nature of the local labor market and depending on the size of outstanding orders. As a result, it exhibited a higher recruitment rate.



Primax Group had 14,325 employees (9,275 male and 5,050 female) resigned in 2020, representing an attrition rate of 123.73%; resignations at Primax Electronics totaled 5,933 (3,448 male and 2,485 female), representing a resignation rate of 80.08%, whereas resignations at Tymphony totaled 8,392 (5,827 male and 2,565 female), representing a resignation rate of 201.30%. Detailed statistics are shown below.

Resignations at Primax Group - 2020

Age/gender	Below 30				30-50				Age 51 and above				Total		
	Male		Female		Male		Female		Male		Female				
Office location/Item	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	
Primax Electronics	Taipei Headquarters	12	38.71%	7	26.92%	130	26.26%	22	13.50%	14	17.72%	3	8.57%	188	22.68%
	Dongguan Primax	1,202	128.69%	541	95.75%	673	42.70%	403	30.35%	7	23.33%	18	128.57%	2,844	63.95%
	Chongqing Primax	289	141.67%	237	111.79%	108	36.12%	334	38.57%	1	n/a	1	n/a	970	61.35%
	Kunshan Primax	735	496.62%	509	424.17%	274	212.40%	407	262.58%	3	n/a	3	n/a	1,931	349.82%
subtotal		2,238	169.93%	1,294	140.20%	1,185	47.42%	1,166	46.42%	25	22.94%	25	51.02%	5,933	80.08%
Tymphony	Dongguan Tymphony	2,240	471.58%	747	286.21%	956	133.15%	547	112.78%	5	33.33%	0	0.00%	4,495	229.45%
	Huizhou Tymphony	1,552	435.96%	579	332.76%	729	132.79%	480	98.97%	10	21.74%	21	210.00%	3,371	208.09%
	Dongcheng Tymphony	257	467.27%	102	127.50%	77	64.71%	88	27.50%	1	7.14%	1	50.00%	526	89.15%
subtotal		4,049	457.00%	1,428	277.28%	1,762	127.13%	1,115	86.43%	16	21.33%	22	129.41%	8,392	201.30%

Note:

1. Percentage of departed employees at various sites by age and gender = number of employees departed at each site in 2020, by age and gender/total employee count of the given age group and site at 2020 year-end.
2. Percentage of departed employees at various sites = number of departed employees at each site in 2020/total employee count of the given site at 2020 year-end.
3. Departed employees include employees who had voluntarily or involuntarily dismissed or retired.
4. For the same reason that gave rise to the high recruitment rate of Kunshan Primax, short-term agricultural workers resigned upon maturity of their one-year contract, and hence the higher resignation rate.

Primax Group complies strictly with labor regulations with respect to the termination of employment. Any major change of employment term is duly notified according to laws. In Taiwan, "Labor Standards Act" requires employers to give employees the following advance notice when terminating employment: 1. 10 days in advance for those who have worked continuously for 3 months but less than 1 year; 2. 20 days in advance for those who have worked continuously for 1 year but less than 3 years; and 3. thirty (30) days in advance for those who have worked continuously for 3 years and above. In the Mainland, the Labor Law of China requires employers to serve 30 days of advance notice.



4.2 Productive labor-management relations

Protection of employees' interest

In terms of workforce management, Primax Group complies strictly with local labor regulations wherever it operates. Employment relations at Chinese production sites are governed by the "Employment Contract Law." Our human resource department has been entrusted with the responsibility of managing workplace and talent development. Not only does it oversee an extensive scope of personnel affairs including talent diversity, interdepartmental transfer, employee communication, employee care, learning and development, remuneration, welfare and incentives, the department also conducts regular tracking and analysis of human resources to help managers improve work performance and productivity, and offer insights that are useful to the senior management in reviewing performance of the existing workforce.

Primax's Taipei Headquarters currently does not have a union and has not signed any collective bargaining agreement with employees. However, through convention of regular communication meetings, labor-management meetings, and welfare meetings, employees are given plenty opportunities to express opinions, which result in the effective resolution of their problems. Dongguan Primax and Kunshan Primax both have unions in place. Collective bargaining agreement with the union of Dongguan Primax is renewed every three years, and was last renewed in January 2020. At Kunshan Primax, employees are recognized as union members from the time onboard unless they choose not to join for special reasons. 100% of employees in the second plant had signed the collective bargaining agreement during the year. The unions convene representative meetings once or twice per year, organize representative training sessions once or twice a year, and engage senior management in conferences once per quarter. The unions have at least one-fourth of its representatives present at the above meetings. In 2020, employees raised a total of 52 recommendations through unions and all of which were accepted. These recommendations covered issues concerning employees' daily living as well as work activities and benefits, and 100% of which were improved upon. Union members have proven themselves competent in helping employees convey issues and resolving problems through meetings.

Huizhou Tymphony assembled its union on December 29, 2018, whereas Dongcheng Tymphony assembled its union on December 29, 2019. Only 2% of employees have joined the unions so far. Besides unions, employees may also raise opinions through the opinion mailbox. The HR department is responsible for checking the mailbox and

replying queries on a regular basis. Dongguan Tymphony has yet to establish unions, but there are communication and grievance platforms available for employees to submit opinions. Refer to the "Stakeholders' inquiries and complaints" chapter for Tymphony's grievance channels. A total of 135 grievances and improvement/optimization proposals concerning work hours, corporate activities, employee training, and employee welfare were raised by employees in 2020; all of which have been responded with improvement measures devised.





Labor-management communication channels	Taipei Headquarters	Production locations in China (including Tymphony)	Description
HR Business Partner	○	○	The Account Service provider plays the role of an internal consultant and discusses with business departments on their needs for human resource. Once talents are recruited, the Account Service provider plays the role of a public relations officer and engages employees in frequent, open communications to address their needs at work and in life. They are the key to conveying employees' voices and maintaining employee relations. Account Service providers adopt an MBWA (management by wandering around) approach to ensure more immediate knowledge of employees' needs and better services.
Regular communication conference (Communication Conference)	○	○	The Company has systems in place to establish regular communication with employees. The COO hosts half-yearly seminars to communicate with employees on the Company's overall business plans, prospects, performance, and cultural focus, while every head of department is required to organize quarterly department meetings to learn about their departments and listen to employees' opinions.
Employee Grievance channels	○	○	The Company has employee grievance/opinion mailbox, complaint hotline, and survey systems in place to gather suggestions or uncover dishonest conducts, unfair treatments, sexual harassment or any behavior that is against the Company's interests. The Human Resource Department will assemble an investigation panel upon receiving a complaint. If the complaint involves a suggestion, it will be referred to the responsible unit for improvements. If the complaint involves a misconduct, then the outcome of the investigation will be notified to the subject and line manager for disciplinary action.
Soft promotional measures	○	○	Includes e-mails, elevator displays, and electronic displays at employee lounge and public area. These measures are used to convey internal announcements and messages so that employees are constantly aware of activities and plans that are happening within the Company. Compared to other means of communication, the above methods deliver messages in a more subtle way.
Welfare committee and labor-management meetings	○	○ ^{Note 1}	Both meetings are held at least once per quarter, during which employees are given the opportunity to express their needs and suggestions. These suggestions are continually discussed between employees and the Company until a consensus is reached, and the Company would satisfy employees' requests to the extent deemed capable and reasonable, and thereby minimize chances of dispute. All factories in China have employee welfare committees that convene meetings once every quarter. These committees are responsible for managing issues concerning employee benefits, club activities, corporate activities, and company publications. Note 1: No such communication channel exists within Dongguan Tymphony, Huizhou Tymphony, and Dongcheng Tymphony.
Employee opinion surveys	○	○	The Company conducts online surveys on an unscheduled basis to investigate employees' opinions with regards to welfare and health promotion measures. Employees are encouraged to voice out their thoughts and suggestions so that improvements can be made to better address their needs.
Discussions with entry-level employees		○	The Human Resource Department organizes regular discussions with entry-level employees to gather opinions, while at the same time requests heads of department to propose feasible improvements and keep track of changes made. Employees are notified via e-mails and public announcements about the progress of their opinions and suggestions.
Union		○ ^{Note 2}	Meetings are convened at least once a year. Each union has welfare representatives and food representatives elected by employees to raise issues and suggestions concerning welfare measures and food. There are also organization, culture and communication representatives available to handle administrative affairs and feedbacks for the union, and thereby enhance employee welfare. Dongguan Primax convenes representative meetings once or twice per year, organizes representative training sessions once or twice a year, and engages senior management in conferences once per quarter. The union has at least one-fourth of its representatives present at the above meetings to raise queries and suggestions concerning employees' daily living needs and benefits for more effective resolution. Note 2: Chongqing Primax and Dongguan Tymphony currently have no union available



Reasonable compensation system

Primax Electronics cares for employees' well-being not only at work, but in day-to-day living as well. We offer a reasonable compensation system to assure employees better quality of life. Primax Electronics complies with government policies in every aspect concerning salaries, and refrains from assigning employees to unsuitable positions just to reduce personnel cost. We uphold fairness and justice in employment by awarding employees the titles and salaries they deserve, and making sure that everyone is appropriately compensated to care for them and their families.

The size of "workers" did not account for more than 50% of total employees at any operation of Primax Group in 2020, therefore no confirmation or survey was conducted on workers' salary. The vast number of workers hired by the Group mostly consisted of temporary workers hired for short-term production orders; they were compensated in compliance with local policies at the level equivalent to entry-level employees. There was no gender discrepancy in terms of "entry-level salary to minimum salary ratio" within the Company. Furthermore, the Company's lowest salary package remains above the local minimum salary, meaning that no employee is compensated below the minimum salary.

Primax Group also strives to ensure equality in salary and eliminate gender discrimination in the workplace by reducing salary difference between genders as much as possible. Our remuneration policies in various locations not only comply with local regulations, but are regularly revised to conform with market levels. We gather local salary surveys to provide the basis for adjusting our remuneration policies; in doing so, we are able to maintain the competitiveness of our compensation package while at the same time ensuring fairness of remuneration internally.

We recruit and compensate employees with salary packages that correspond to their job grades, and not by gender. Employees are guaranteed an annual pay of 13~14 months' salary, depending on their grades. By offering competitive salary, we hope to attract talented employees and recognize and inspire their performance. In addition to regular salary, we also provide a broad range of incentives including monthly production efficiency bonus, annual performance bonus, proposal bonus, year-end bonus, patent bonus, long-service bonus, ad-hoc rewards, and quarterly team bonus to compensate employees for their contribution. The right-hand chart is a comparison between male and female salaries (compensations) at key operations of Primax Group:

Salary/compensation	Local minimum salary ratio ^{Notes 1 and 2}		Basic salary ratio			
	Entry-level employees ^{Note 3}		Non-managerial role ^{Note 3}		Managerial role ^{Note 4}	
Office location \ Gender	Female	Male	Female	Male	Female	Male
Taipei Headquarters	1.3	1.3	1	1.1	1	1.2
Dongguan Primax	1.1	1.1	1	1.3	1	1.1
Chongqing Primax	1.0	1.0	1	1.3	1	1.3
Kunshan Primax	1.0	1.0	1	1.2	1	1
Dongguan Tymphony	1.1	1.1	1	1.3	1	1.1
Huizhou Tymphony	1.2	1.2	1	2.3	1	2.8
Dongcheng Tymphony	1.2	1.2	1	1.2	1	4.0

Note:

1. Minimum salary by local government in 2020: NT\$23,800 (Taipei), RMB 2,020 (Kunshan), RMB 1,800 (Chongqing), RMB 1,720 (Dongguan/Dongcheng), RMB 1,550 (Huizhou).
2. Percentage by gender: local minimum salary ratio = minimum salary of respective gender/local minimum salary of the respective site.
3. Entry-level employee is defined by Primax Electronics as all non-managerial staff in Taiwan and all direct employees in China.
4. Non-managerial staff is defined by Primax Group as indirect employees who assume specialist roles, whereas managerial staff refers to all other indirect employees.
5. Overall, male salary was higher than female. This was probably due to higher percentage of managerial roles undertaken by males, relative to females.

Primax's Taipei Headquarters has made additional disclosures of employees' salary information according to Taiwan Stock Exchange Corporation "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies."

Disclosure of employee compensation

Disclosures	2018	2019	2020
Number of full-time, non-managerial staff (persons)	820	820	817
Total salary of full-time, non-managerial staff (NTD thousands)	1,170,740	1,362,624	1,190,583
"Average" salary of full-time, non-managerial staff (NTD thousands)	1,428	1,662	1,457
"Median" salary of full-time, non-managerial staff (NTD thousands)	N/A	1,404	1,277

Employee care and benefit system

The welfare system is a true representation of Primax Group's care for employees, as it caters for employees' every need at work. Primax has an Employee Welfare Committee in place to organize recreational activities and subsidies for employees. The committee constantly strives to expand the welfare system in order to provide employees the most complete care possible and enrich their private lives outside of work. Improvement of work-life balance and quality is what motivates the Employee Welfare Committee to devote attention in bringing the best benefits and developing the best welfare system for employees. Primax has implemented comprehensive welfare systems at all of its operations. Although welfare systems may vary in detail, they nevertheless comply or exceed local regulatory requirements. The following is a detailed description of various welfare systems in place:



Tug of war

Tug of war



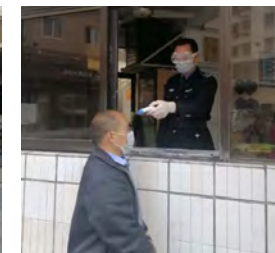
Volunteer events



Chinese New Year event



Disease control



Disease control



Disease control



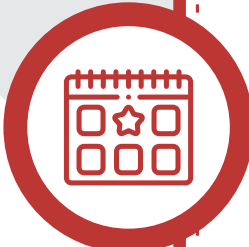
Employee welfare system

Group insurance package envied by industry peers



- In Primax, group insurance not only covers employees themselves, but also extends to spouse and unlimited number of children. Insurance premiums are 100% paid by the Company.
- Primax offers a multitude of group insurance covering life, accidents, medical expenses on accidental injury, hospitalization, cancer treatments, and critical illnesses.
- As for Chinese operations, employees are entitled to social insurance, which covers unemployment, work injury, retirement and healthcare. Premiums on social insurance and accident insurance are paid according to local regulations.

Flexible leaves



- Primax Taipei Headquarters adopts a flexible work hour policy. Employees are free to choose their work commencement and ending times outside the mandatory session to accommodate their needs, as long as they meet the 8-hour requirement per day.
- Primax employees are entitled to Primax Holiday, a leave system more generous than the typical unpaid leave, illness leave, maternity leave, and parental leave mandated by law. For example, employees at Taipei Headquarters are not required to work on national lieu work days. They can spend their leaves in May to make the Labor Day into a long holiday for long-distance travel, while at the same time avoid running into crowds during popular traveling periods. Employees in China are granted home visit leaves during Chinese New Year, and they have the flexibility to choose when to take the home visit leave.
- Tymphany made flexible work-from-home adjustments in 2020 due to the impact of the pandemic. Depending on the local disease control policies, employees were given the flexibility of working from home (excluding production line workers).

Benefits



- Primax Group provides common benefits including festive bonus (Chinese New Year, Duanwu Festival and Mid-autumn Festival), birthday cash, and travel subsidies. At Taipei Headquarters, employees are entitled to additional benefits such as year-end bonus, wedding/funeral/childbirth/hospitalization subsidies, education subsidies for self and children, club subsidies, meal subsidies, childcare subsidies, arts/culture subsidies, and book subsidies.
- Meanwhile, Chinese factories provide wedding/funeral/childbirth subsidies, job allowance, and year-end bonus; Dongguan Primax offers medical subsidies, club subsidies, Chinese New Year meals, emergency aid fund, and birthday and Mid-autumn shopping credits, whereas Chongqing Site offers hospitalization subsidy.
- For Tymphany, common employee benefits include meal/accommodation/club subsidies; in addition, Dongguan Tymphany offers wedding/funeral subsidies, Chinese New Year meals, emergency aid fund, job allowance, year-end bonus, and outpatient treatment subsidies, whereas Huizhou Tymphany offers job allowance, year-end bonus, and travel leaves. Furthermore, as a response to the pandemic, the company has set up temperature stations and assigned nursing staff at all plant sites, and makes sure that all expatriates are adequately supplied with protections and comfort food during quarantine to assure them and their families.

Facilities



- Taipei Headquarters offers staff diner, cafeteria, and smart vending machines.
- All Primax's Chinese factories provide dormitory and staff dining area, and Dongguan Primax has an entire building constructed for leisure purpose.
- Tymphany offers dining facility and dormitory for its employees, and the kitchen would even prepare special meals on festive occasions and in peak production periods, giving employees as many as 12-14 selections to choose from while minimizing their waiting time. As for dormitory facilities, Dongguan Tymphany has 2 TV rooms, 2 table tennis sets, 2 table tennis tables, 2 convenience stores, 5 automatic vending machines, 1 beverage store, and 13 laundry machines available at each dormitory building to cater for employees' life after work, whereas Huizhou Tymphany also offers similar facilities to accommodate its employees.



Pension plan

- Employee pension (applies to employees in Taiwan; contributions are made to the new or old scheme).
- Social Insurance (for plants in China).



Group trip and leisure activities

- Primax Group holds different types of group trip for employees each year, such as Taipei Headquarters' half-day family activities and 1-day/2-day incentive trips that fully subsidize up to 3 family members. The Chinese factories, too, arrange regular trips where employees may have fun with their family without extra financial burden.
- In terms of social clubs, Taipei Headquarters offers 11 clubs including: muscle training, yoga, sculpt yoga, aerobic boxing, basketball, badminton, jogging, outdoor activities, entertainment, horticulture, and coffee.
- Primax plants in China organize group trips on a yearly basis. Dongguan Primax has 8 clubs including: soccer, badminton, cycling, basketball, dancing, volunteer, outdoor activities, and flower arrangement. Dongguan Primax launched its first online events including a pace challenge and a talent show in 2020 to promote work-life balance during the pandemic.
- Tymphany offers 5 clubs including: basketball, soccer, dancing, badminton, and musical instruments. Employees may join any club as they prefer to develop hobbies at work.



Group gathering

- Apart from year-end banquets, Taipei Headquarters organizes events such as Family Day and Christmas Party to share its love, joy, prospect, and vision with employees.
- Primax's Chinese operations organize annual large-scale events such as tug-of-war competition, karaoke competition, basketball tournament, and casual sports competition during the Chinese New Year period. Other events such as film-watching and festive celebrations are also organized from time to time.
- Tymphany, on the other hand, organizes social gathering, family barbecue, music festival, and annual sports event on a regular basis.
- No large-scale event was held at Taipei Headquarters or any of the three sites in China in 2020. Tymphany, on the other hand, moved many of its events online, including the sports event, music festival, teachers' day, photography challenge, and other festivities. Instead of hosting a grand new year gathering, gifts were mailed to employees' homes given the special circumstances.



Employee care

- Taipei Headquarters and Dongguan Plant both have medical centers and medical staff stationed on site. Each department is equipped with a first aid kit to provide employees with the most immediate medical attention. The medical centers also provide medical consultation, disease prevention, and Employee Assistance Program (EAP) services to address employees' medical, legal, and mental problems. Furthermore, blind masseurs and masseuses are hired to relieve employees of common neck/shoulder pains from long hours at the office.
- Chongqing Primax, Kunshan Primax, and Tymphany have established service agreements with nearby medical centers or community hospitals to provide emergency medical assistance. At Tymphany, employees are entitled to complimentary health checkup and infirmary service. Shuttle bus service has been arranged to help employees reduce spending on commuting, with services doubled during peak hours to shorten waiting time.



Primax not only cares for employees' children, but also devotes ongoing attention to education in remote areas. In addition to offering childbirth cash for each birth given by employee or spouse, Primax also provides employees with childcare subsidies at NT\$7,000 per child per year and sources childcare service from professional institutions. Furthermore, employees are given flexibility in work hours to better cater for their duties and family needs. Aside from caring for employees' children, Primax also directs attention to inequalities in the allocation of educational resources in Taiwan. By cooperating with Cheng Zhi Education Foundation, Primax tries to attract the best teaching talents to the cause with new educational visions and practices. The organization contributes NT\$2 million a year to support and assist children's education in remote areas. Over time, we hope to narrow down the urban-suburban divide and give underprivileged children a chance to turn their lives around through quality education.



Primax Electronics offers maternity and paternity leaves in compliance with local employment regulations as a means to encourage childbirth and give employees the adequate time to rest or keep their family members company before and after labor. By implementing a robust leave system, we hope to alleviate employees' burden in giving birth, and share their joy of welcoming new life. Primax Taipei Headquarters once again received Taipei City Certificate for Top Nursery Facility (valid for 3 years) in 2019 for providing employees with a comfortable and accessible nursery space.

All Chinese operations of Primax Group have complied with the Employment Contract Law and offer maternity leave for pregnant women. Please visit the "CSR webpage" for more details on maternity leaves at each site. In addition, Primax's Taipei Headquarters has set up nursery rooms that are certified by Taipei City Department of Health, so that employees may cater for their parent role even at work. A total of 97 employees (76 male and 21 female) were eligible to apply for unpaid parental leave in 2020, and 7 of whom (3 male and 4 female) had actually taken up the leave. Meanwhile, 4 employees (2 male and 2 female) were due to be reinstated from parental leave and 2 of whom (2 male) were not reinstated for family reasons. Reinstatement rate and retention rate were calculated at 50% and 50%, respectively. Information regarding unpaid parental leave is as follows:

Year/gender/total Item	2018			2019			2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
No. of employees qualified for unpaid parental leave (A)	41	30	71	75	15	90	76	21	97
No. of employees applied for unpaid parental leave in the current year (B)	2	5	7	1	1	2	3	4	7
No. of employees due for reinstatement from unpaid parental leave in the current year (C)	1	4	5	1	2	3	2	2	4
No. of employees reinstated from unpaid parental leave in the current year (D)	0	3	3	1	1	2	0	2	2
No. of employees reinstated from unpaid parental leave in the previous year (E)	0	3	3	0	3	3	1	1	2
No. of people reinstated from unpaid parental leave in the previous year, and have worked for one year since (F)	0	2	2	0	2	2	0	1	1
Percentage of employees reinstated from unpaid parental leave in the current year (D/C)	0	75%	60%	100%	50%	67%	0%	100%	50%
Unpaid parental leave retention rate in the current year (F/E)	N/A	67%	67%	N/A	67%	67%	0%	100%	50%

Note:

1. The number of employees eligible to apply for unpaid parental leave was determined as the number of employees having received childbirth cash in the 3 years before the reporting period.
2. "No. of employees qualified to apply for unpaid parental leave in 2019" was incorrectly calculated in the previous report, and is corrected here.



Pension scheme

Primax Group cares for employees not only with respect to workplace communication, but also caters for their lives after retirement by maintaining pension systems in compliance with laws of local authorities.

Employees at Taipei Headquarters are covered by Labor Standards Act and Labor Pension Act of the Republic of China, under which the Company is required to make regular contributions to employees' pension accounts. A new pension system was introduced in Taiwan in 2005. Employees who were already employed at the time of change were given the choice to either continue the old system or adopt the new system. For this reason, some employees who came on board on or before June 30, 2005 had chosen to continue with the old pension system, for which the Company contributes an amount equal to 2% of employees' monthly salary to the labor pension fund account. Under the new scheme, the Company contributes 6% of employees' monthly salary into their personal pension accounts. In addition to the 6% monthly contributions made by the employer, employees may also choose to contribute an additional 0% - 6% of their salary into their pension accounts. During the reporting period, about 0.61% of employees were subject to the old scheme while 99.39% of employees were subject to the new scheme. Primax had maintained its pension fund assets at 85.2% excess (and increasing) over pension liabilities, meaning that the Company is able to meet employees' retirement claims.

Employees of our various operations in China are entitled to pension insurance under the Social Insurance Law. This insurance provides employees the financial security they need to retire without worries. Retirement regulations at our Chinese operations allow male employees to retire at the age of 60 and female employees at the age of 50, or whenever certified by hospital for total loss of work capacity for either gender. Salary payments normally cease from one month after retirement, but the Company would pay one extra month of salary as a gratitude for employees' long-term contribution.

Primax Star - Building Sense of Honor and Mission among Employees

Primax's three production sites in China have been organizing "Primax Star," an internal performance award, since 2018. The event is intended to identify and commend top-performing employees for the year, and shape role models within the organization that employees may look up to and be motivated to improve and raise existing standards, and to create a progressive competitive environment that serves as the foundation for the organization's growth and stability.

Primax Stars are selected in a "fair and open" manner, and according to the selection policy, each plant site nominates production line representatives to be reviewed for Primax Star each year. In addition to prizes and trophies, Primax Star winners may also invite 1-3 direct family members to a one-week plant tour hosted personally by the general manager, followed by a company-arranged trip for 1-2 days within the province, and paid leave of absence with their family. The three plant sites selected a total of 7 Primax Stars in 2020; they were commended in a grand ceremony, during which the general manager appeared and thanked them personally for their contributions. However, the Company was unable to invite family members to the event due to the pandemic. A cumulative total of 27 Primax Stars had been selected as of the end of 2020; by constantly engaging employees' family members in our organization, we hope to bring joy and satisfaction to the workplace.

Employees are what make a company strong, and the least we could do is to show them our most sincere gratitude. We are also grateful of employees' family members for their understanding and support, as they provide employees with the motivation and comfort to give their best at work. For this reason, we will continue treating employees with respect for mutual benefits.



Primax Stars Commendation Ceremony






4.3 Support for skill development

Comprehensive career development and promotion system

Primax Group has a robust career development and promotion system available to cater for our employees from recruitment, transfer, to retention. These systems have been designed not only to support employees' career development, but also to inspire their potentials and open them up to whole new opportunities.

The Company has implemented a PRD (Performance Review and Development) system to facilitate two-way communication between employees and their managers. This process allows employees to develop a thorough understanding about their work performance and the skill sets they are expected to develop in response to future challenges. The PRD also enables employees to customize learning and development plans to suit their skills, preference, and style. The purpose of the PRD system is to help every Primax employee exceed personal boundaries and discover their endless potentials. In practice, the executive management would outline operational goals and have each manager engage in two-way communication with their employees at the beginning of year, mid-year and year-end to discuss the following:

Performance and career assess criteria	Description
 Annual goal setting	Using the Balanced ScoreCard (BSC), managers discuss with their subordinates to list out at least 5 goals/responsibilities for the coming cycle. They also establish quantifiable measurements, assign weight by priority, and use them in performance evaluation accordingly.
 Core skills	Managers will identify at least three skills at the beginning of the year and assign weight based on importance. At the end of year, employees are evaluated on how they have developed the listed skills.
 Career Development and Assessment Sheet (Career Development / Assessment)	In order to guide employees through their career development, employees are asked to create a list of their own strengths as well as skills that require further enhancement or improvement during year-end performance appraisal. With feedbacks from the line manager, they become employees' next objectives.

Fair performance assessment system

Primax Group offers full protection for employees' rights. Its human resource policies are fully compliant with the Labor Standards Act, and are supported by clearly defined performance evaluation and disciplinary systems. Primax Group outlines performance standards and evaluation criteria for each job role and evaluates employees' performance on a yearly basis, and the outcome affects year-end bonus and salary adjustment. Except for permanent employees with less than 3 month's service and temporary workers under fixed-term contracts, all permanent employees in Primax's Taiwan and China operations are entitled to performance evaluation, whereas all employees at Tymphony are subjected to performance evaluation and have access to fair promotion opportunities.

Career development and promotion system of Primax Group





Flexible career development system

Employees may choose to be converted into managerial role or continue their specialist role depending on personal preference, skills and career goals. Whichever way they choose, there are plenty opportunities for them to advance and grow. The dual career system gives every employee the opportunity to grow their specialties and satisfy their career expectations. Whether it is a managerial role or a specialist role, every Primax employee can find their moment to shine within the organization. Primax Group also has "Internal Rotation Policy" in place to systematically nurture diverse talents needed by the organization. For employees, the rotation system provides them with the opportunity to explore areas of interest, and develop skills and visions needed to advance in their careers.

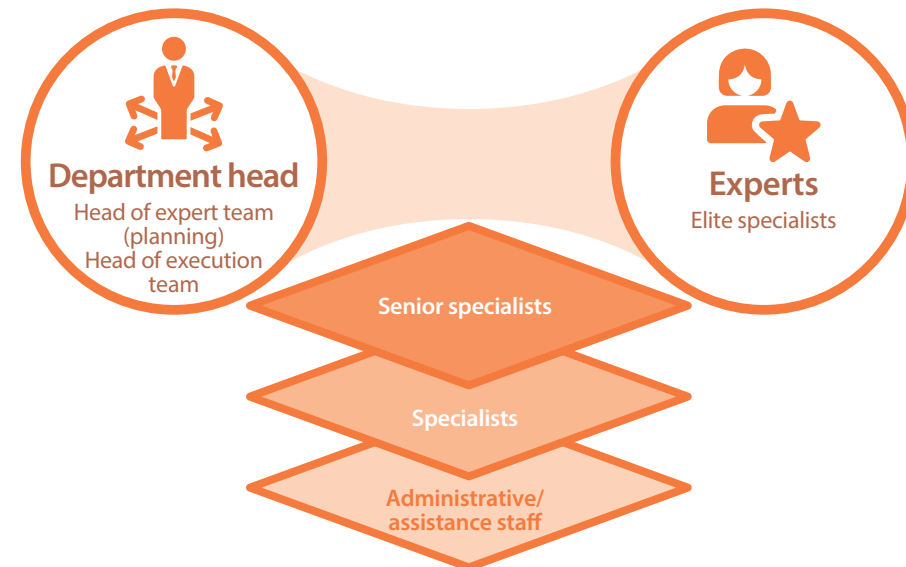
Primax announces its job rotation guidelines at the beginning of each year, which specifies the particular function and criteria of employees to be rotated during the year. The human resource department then coordinates the rotation based on employees' profile and the Company's requirements, while trying to match the "Rotation Plans" proposed by each department. A "Group Annual Rotation Plan" is prepared and submitted for approval by the Guidance Committee. Department heads are required to discuss the approved "Annual Rotation Plan" with each other and with the rotated employees, and formulate a "Rotation Execution Plan" within the specified due date. The Execution Plan needs to cover details such as timing, communication plan, job handover, training program, responsible mentor etc. Once the plans are set, department heads would be required to train or assign mentor to the rotated employee, and complete the necessary procedures so that employees may report on duty at the approved time. Execution and outcome of job rotations are included as part of annual performance review for the department heads involved.



Diverse and self-motivated learning channels

Primax considers mental satisfaction to be very important in addition to salary and post-retirement care, which is why we help employees not only to succeed in work, but also to grow character and wisdom as well. For this, we have designed a comprehensive training system and provided a broad variety of courses and seminars to help employees refine work-related skills and learn knowledge they are interested in outside of work. For employees who have employment terminated due to adjustment of business portfolio or job duties, we would ask them if they require assistance with subsequent employment, and refer them to head hunters or employment agencies/websites if needed.

Whether it is a managerial role or a specialist role, there is abundant room to advance and grow for every Primax employee





Primax's learning and development programs are centered around work-related skills. They are closely associated with the Company's future strategies and goals. The training system is divided into the following three categories:





Specialist training	This type of training focuses on professional skills needed to serve customers, for which we have made available a broad range of courses from R&D, quality control, engineering, manufacturing, business, procurement, consultative relationship management, to supplier management.
Managerial talent training	Courses have been planned to help employees develop the leadership and strategic thinking needed to accomplish managerial roles of all levels, and to provide strong link between upper and lower management.
General skills training	These courses are intended to bring diversity and value into employees' career. Apart from language courses, the Company also provides general knowledge training to inspire employees' potentials in other areas, and make learning a more meaningful activity.



The Company offers a multitude of convenient learning channels to help employees develop new knowledge and skills. These learning channels have been designed to inspire employees' skills and potentials, and make their learning efforts more meaningful. During the learning process, we encourage employees to share what they have learned with colleagues and therefore facilitate growth as a team. Our managers often play the role of mentor and give them the most direct and immediate guidance. It is also part of the managers' responsibility to adjust employees' learning instruments where appropriate. At Tymphany, employees are offered training opportunities on areas such as quality assurance, acoustics, production, administration, and self-development. The following is a description of the employee career training system:



Employee career training system

Training category	Training courses	Course description
 Company courses	On-job training	Generally refers to training received while performing work activities. On-job training exists in various forms such as meeting participation, project (task) involvement, and job rotation.
	Internal training	Available in three main categories (management talent, specialist, and general skills training), the courses offered cover anything from orientation, management skills, technical skills, quality assurance, general knowledge to English etc.
 External training	External specialist training	Employees are fully subsidized for training courses organized by external institutions. These subsidies are provided as an encouragement to continual improvement of professional skills, or development of secondary skills depending on employees' career potentials.
	Overseas training	Employees who exhibit exceptional performance and potentials may be chosen to participate in short-term overseas training or conference as an opportunity to broaden their global vision.
 Self learning	Self study	Employees are encouraged to study knowledge and skills at their own time, and may even apply for flexible work hours to enroll in educational programs. Furthermore, as a way to encourage reading, the B1 area has been converted into a library, offering thousands of titles that can be borrowed and exchanged freely. Points collection and book vouchers have even been introduced to encourage use of the library and to enrich the library's collections. The Company also makes book recommendations from time to time and offers book subsidies to help employees develop good reading habits.
 Online courses	Online Learning and knowledge platform	A Learning Management System has been implemented to provide forum and blog services that employees may utilize to exchange and discuss knowledge. This system is commonly referred to as "e-Learner." The system offers courses that can be studied online, such as general knowledge, basic professional knowledge, and English language.



Primax Group values employees' career development, and all employees are entitled to receive training. In 2020, employees of the Group completed 143,023 hours of training in total, averaging 12.35 hours per employee. Total training expenses amounted to approximately NT\$7,413 thousand. Primax Electronics delivered 131,718 hours of training, averaging 17.8 hours per employee, and incurred NT\$4,103 thousand of training expenses in total. Tymphony, on the other hand, delivered 11,305 hours of training, averaging 2.7 hours per employee, and incurred NT\$3,310 thousand of training expenses in total. Total training hours decreased as many internal courses were canceled in the first half due to COVID-19. In the second half of the year, however, Primax Group began engaging management consultancy companies to organize a series of training programs on management (6 sessions total), automobile devices, and quality assurance, which explains the increase in training expense.

Training hours completed by Primax Electronics - 2020

Office location Training hours	Taipei Headquarters				Dongguan Primax				Chongqing Primax				Kunshan Primax			
	Managerial role		Specialist role		Managerial role		Specialist role		Managerial role		Specialist role		Managerial role		Specialist role	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Employee size	205	54	400	170	157	69	2,383	1,838	39	9	464	1,069	12	6	265	269
Total training hours	2,672	729	2,840	1,007	5,522	1,710	70,165	30,569	329	79	3,831	1,572	114	51	5,667	4,861
Average training hours	13.0	13.5	7.1	5.9	35.2	24.8	29.4	16.6	8.4	8.7	8.3	1.5	9.5	8.5	21.4	18.1

Training hours completed by Tymphony - 2020

Office location Training hours	Dongguan Tymphony				Huizhou Tymphony				Dongcheng Tymphony			
	Managerial role		Specialist role		Managerial role		Specialist role		Managerial role		Specialist role	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Employee size	71	23	1,137	728	74	44	877	625	24	10	164	392
Total training hours	288	192	948	366	716	436	4,135	1,995	194	140	1,207	688
Average training hours	4.1	8.3	0.8	0.5	9.7	9.9	4.7	3.2	8.1	14.0	7.4	1.8

Note:

Average training hours by gender and role at each site = total training hours by gender and role per site in 2020 / 2020 year-end employee count by gender and role per site.



Leadership M'golf



Management training



Entry-level Management Skills Training for
Team Leaders



Lecturer training



Management training



Entry-level manager training



Lecturer training



Lecturer training



4.4 Safe and healthy workplace

In 2018, International Organization for Standardization published the world's first uniform standards on Occupational Health and Safety management system (ISO 45001:2018), which Taiwan's Ministry of Labor responded by actively helping businesses adopt and transition into ISO 45001 for better alignment with international practices. Primax's ISO 9001-based safety and health management system created in early years was no longer adequate for the given circumstances. In order to keep up with the world's safety and health management trends, ensure compliance, and respond to customers' emphasis on Occupational Health and Safety issues, all three of Primax's Chinese plants and Tymphany began adopting ISO 45001 - Occupational Health and Safety Management System in 2019, whereas Taipei Headquarters also adopted ISO 45001 in 2020, enforcing its attention and support for Occupational Health and Safety management through action.

Primax's Occupational Health and Safety management system applies to all employees of the company and covers the Taipei Headquarters building as well as all workplaces where Primax employees are stationed. Hazard identification and risk assessment are performed on all routine and non-routine activities, any activities or services conducted by employees, contractors, suppliers, or visitors within the workplace, as well as all facilities provided by the organization or other units within the workplace.

Dongguan Primax, Chongqing Primax, and Kunshan Primax each has an internal audit team that performs Occupational Health and Safety audits on the responsible department according to annual plans. The Company engages a third-party institution (SGS) to provide external assurance, and was able to obtain ISO 45001 certification at the end of 2019. Dongguan Tymphany obtained its certification in 2020, whereas Dongcheng Tymphany passed third-party inspection in 2020 and expects to obtain certification in 2021. Each external assurance covers an entire plant from employees, contract workers, temporary workers to maintenance and construction contractors. Huizhou Tymphany has adopted OSAHS 18001; it expects to transition into ISO 45001 and obtain relevant certification in 2021.

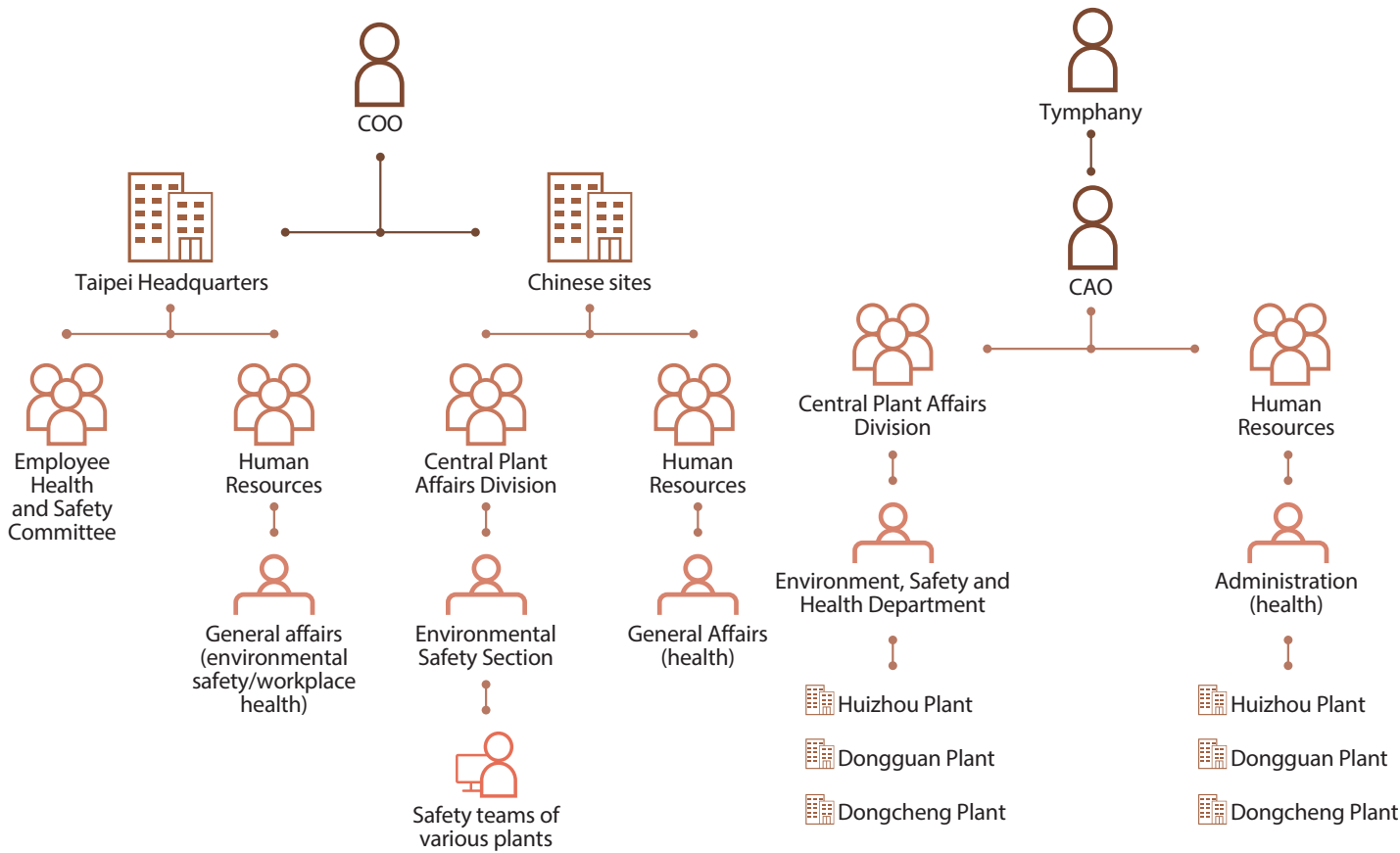
Occupational Health and Safety management unit

Primax Group considers safe and healthy workplace to be one of its basic obligations to employees, which is why we place great emphasis on workplace health and safety. For the health and safety of employees, Taipei Headquarters, all Chinese production sites and subsidiary - Tymphany all have Occupational Health and Safety units set up to receive employees' feedbacks on existing or potential problems that they are likely to encounter in the workplace. Improvements or precautions can then be taken to enhance the safety and comfort of the work environment. The committee at Taipei Headquarters has a total of 10 members, of which 5 (half) are employee representatives, whose presence helps supervise, recommend, and plan occupational health and safety-related issues. Other workers including outsourced cleaners, security guards, drivers, and electromechanical personnel may express opinions to the head of General Affairs and have them proposed during committee meetings.

As for operations in China, Occupational Health and Safety committees are available to oversee related issues. Occupational Health and Safety committees convene regular CSR meetings once a month to discuss issues concerning safety, environment, health, energy conservation and waste reduction. Primax's Chinese operations have 140 safety personnel in total, including full-time and part-time committee members who specialize in safety management and safety officers in various business departments. Meanwhile, the three plant sites of Tymphany have 46 of the abovementioned safety personnel.



Occupational health and safety management framework of Primax Group



Occupational Health and Safety Committee meeting

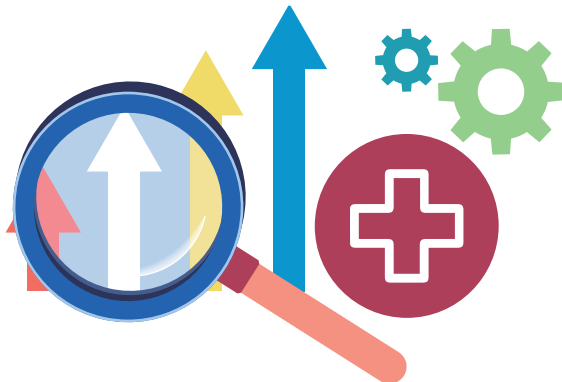


Hazard identification, risk assessment, and incident investigation

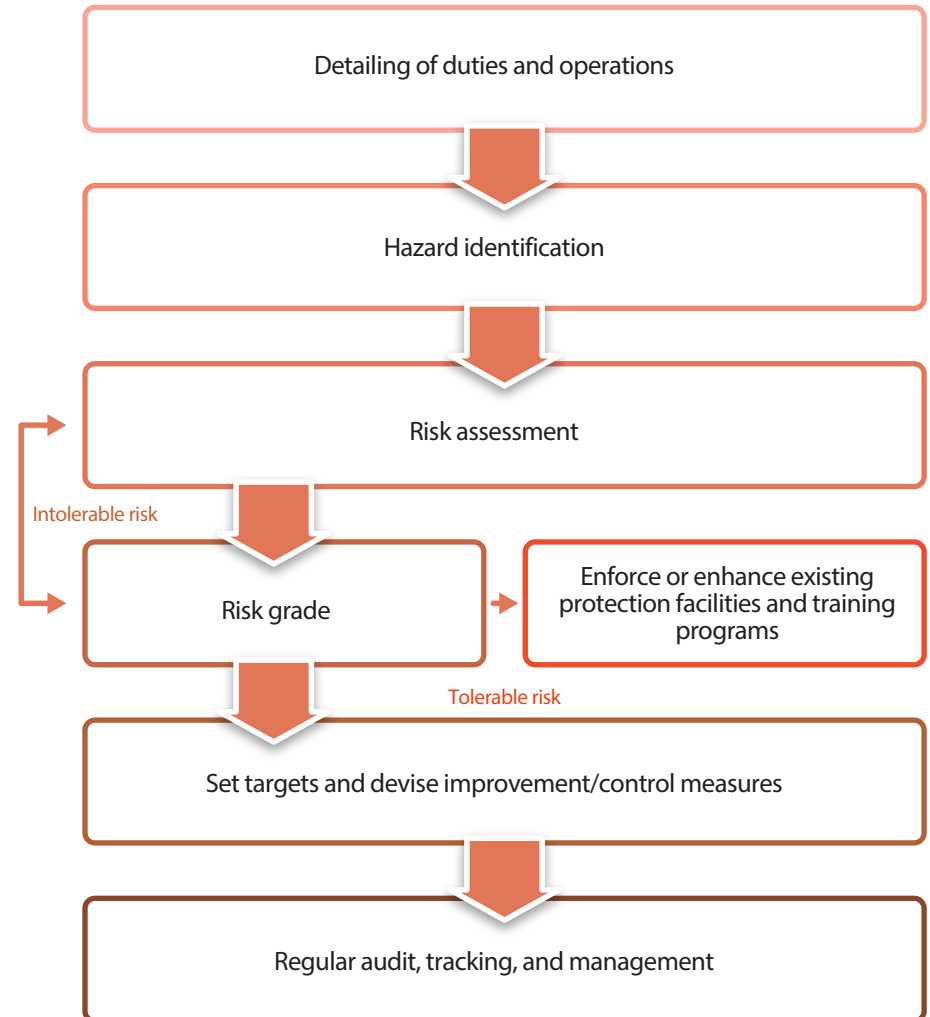
Occupational hazard identification and risk assessment procedures

Primax identifies Occupational Health and Safety hazards and assesses risks by following the terms of ISO 45001:2018, which requires a separate hazard identification team to be assembled as part of the environmental safety and health management system. Members of this team shall comprise representatives from relevant departments. All department representatives must undergo training and be certified for hazard identification and risk assessment.

Issues that have been identified as high-risk and above using the Hazard Identification and Risk Assessment Worksheet are prioritized for improvement and provide the basis for future Occupational Health and Safety goals and plans, whereas issues of lower risk level are managed as part of routine activities. When devising new control measures or changing existing control measures, the Company would try to mitigate risks using the following methods, in the order presented: elimination, substitution, engineering control, warning sign or administrative control, and personal protective gear. Hazard identification, risk assessment, and approval and execution of control measures are scrutinized during internal audit to ensure that procedures and improvements are duly carried out.



Primax Group Hazard Identification, Risk Assessment, and Control Approval Flow Chart



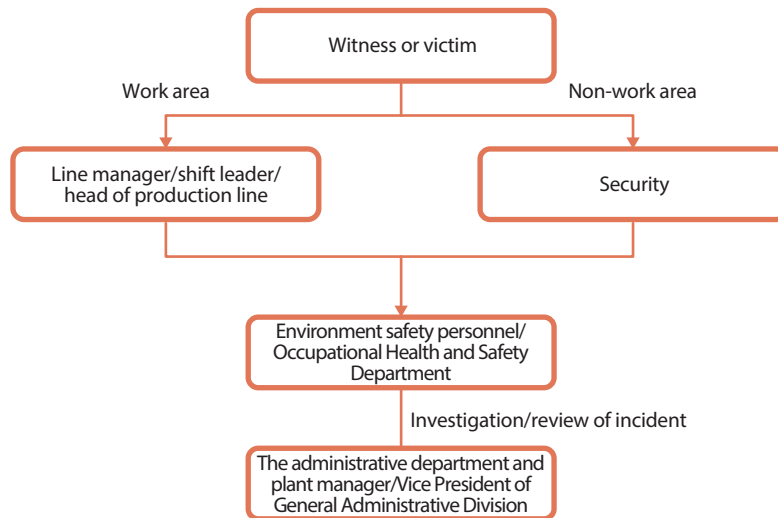


Incident reporting and investigation procedures

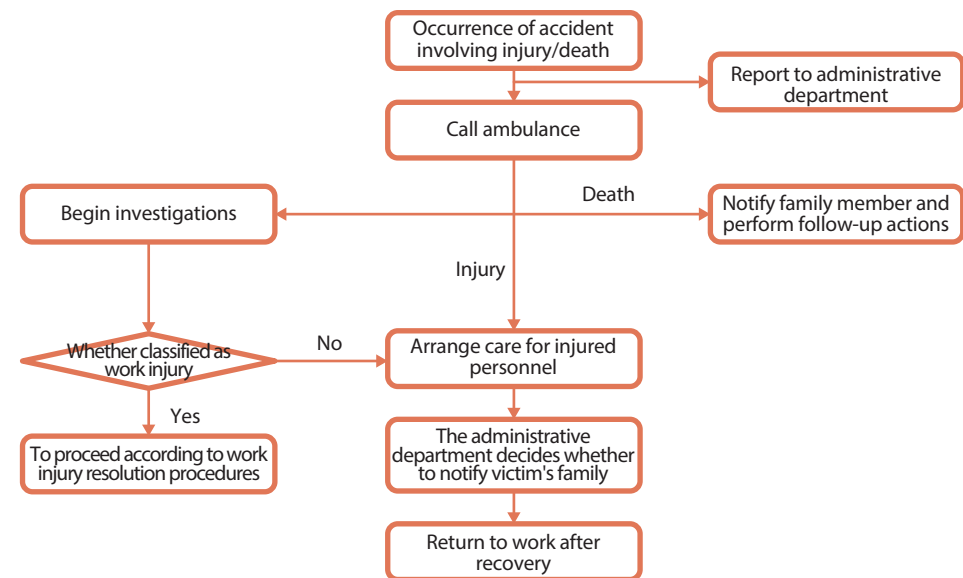
All plant sites of Primax Group have implemented "Safety and Health Incident Reporting Procedures" and "Incident Investigation and Resolution Procedures"; workers are able to escalate any work-related injuries, accidents, and close calls to the line manager/shift leader/head of production line/security staff upon occurrence. Should any life-threatening emergency arise in relation to the works performed, workers are allowed to cease work activities or take appropriate response measures and evacuate from the workplace. The Company may not reduce workers' wage or benefits, or terminate employment or contract with workers, for the above actions.

In the event of injury or death, workers are expected to call the emergency reporting hotline immediately and help the injured seek medical attention, and shall notify and file reports with relevant government agencies within 24 hours. For each incident occurred, the Company will assign a level to the investigation depending on the severity, and then assemble an investigation team comprising members from appropriate levels of management to establish the cause of accident as well as improvement solutions. All improvement measures are to be strictly enforced and monitored. Based on the outcome of the accident investigation, the Company will revise its safety and health procedures to prevent recurrence of similar accidents.

Reporting procedures for work injuries and close calls



Emergency response procedures for injuries and deaths





Training and injury prevention

Primax Group undertakes active prevention and enhanced training to improve the safety of its factory environment while minimize work injuries. Its training program applies to all employees including senior managers and safety auditors, and covers a broad range of Occupational Health and Safety-related topics such as first aid, machinery safety, environment, safety and health risk identification, occupational health, and emergency response. Each production site has a safety officer who is regularly trained and certified. In 2020, Primax Group held occupational safety-related training for a total participant count of 3,817 (including 814 in Dongguan Primax, 356 in Chongqing Primax, 225 in Kunshan Primax, 312 in Taipei Headquarters, 434 in Dongguan Tymphony, 1,545 in Huizhou Tymphony, and 131 in Dongcheng Tymphony), including 254 for security officer training, and incurred total training expenses of NT\$325,890.

To enhance employees' responses in the event of emergency, Taipei Headquarters organizes drills on situations such as fire disaster and evacuation on a regular basis, whereas production sites in China hold fire drills on a rotating basis (by plant and by shift) once every six months. Employees are taught on the use of fire safety equipment and emergency escape, as well as key points concerning property recovery and first aid. Number of participation in drills such as fire safety, evacuation, chemical leakage, food poisoning, and elevator trapping totaled 24,853 across Primax Group in 2020, including 135 at Taipei Headquarters, 10,762 at Dongguan Primax, 1,731 at Chongqing Primax, 4,178 at Kunshan Primax, 5,680 at Dongguan Tymphony, 699 at Huizhou Tymphony, and 1,668 at Dongcheng Tymphony. Uses of plant equipment are strictly managed; any addition and change of equipment is subject to review by the environment safety personnel before installation. The purpose of the above requirements is to control risk of accident, and they represent our commitment to creating a safe and healthy work environment. In the future, we hope to further expand our emergency response system to better protect our employees in the event of fire, earthquake, explosion, or any natural disaster or workplace accident.



Kunshan Plant - chemical leakage drill



Kunshan Plant - training of first aider



Kunshan Plant - fire drill



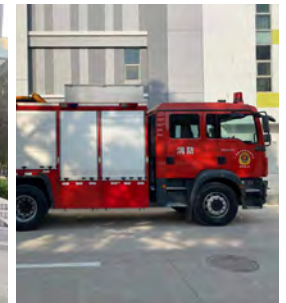
Fire drill



Fire drill



Fire drill



Fire drill



Fire drill



Fire drill



Electrical safety and machinery safety training



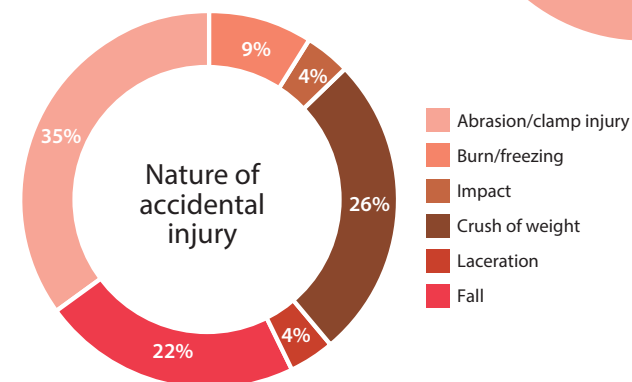
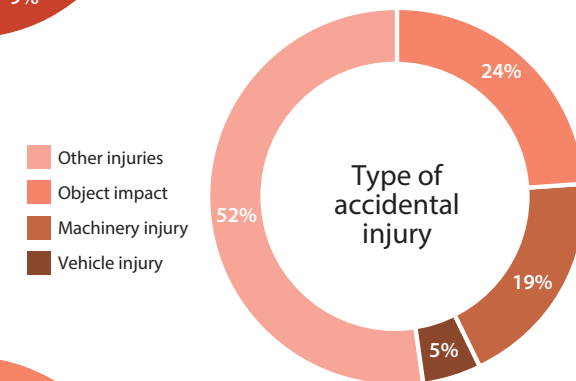
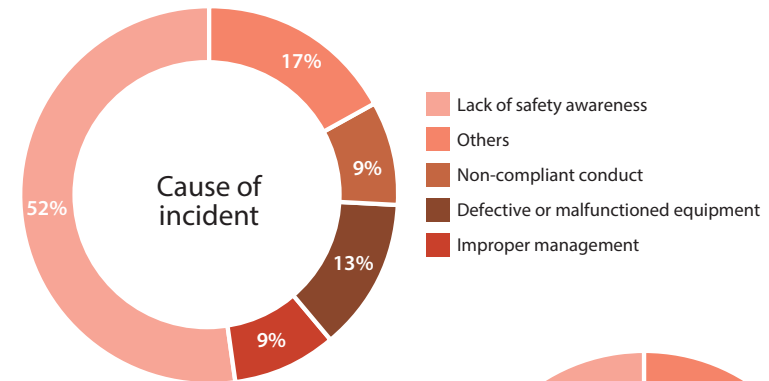
Contractor Safety Management

In addition to complying with local regulations, Primax also assumes responsibility for the occupational safety of its employees and non-employed workers. All contractors are required to sign a "Contractor Statement" to be qualified to perform works for the Group. All contractors that perform works on plant premises will have to be informed of "Work Environment and Hazards" and "Important Notes for Contractors Working within Plant Premise," and are instructed to comply with "Contractor Safety and Health Code of Conduct" and sign the "Work Safety Commitment." Contractors are required to submit a "Safe Work Permit" and seek approval before commencing work; once construction has been completed, the supervising unit will issue a "Completion and Safety Confirmation Form." If the construction fails to meet safety rules, the responsible department will issue an improvement order and demand corrections to be made by the contractor within the given time. All plant sites have implemented "Contractor Management Procedures," and any accident that arises in relation to the works performed on Primax's premise, such as occupational hazard, fire, explosion etc., will be reported, investigated, analyzed, and recorded according to the Company's accident investigation and improvement procedures. Primax Group encountered no work-related injury or safety accident involving any contractor in 2020.

Work safety performance management

In addition to correcting existing and potential workplace safety concerns, Primax Group monitors statistics such as employees' work injury, occupational illness, days lost, absenteeism etc as a means for assessing the effectiveness of workplace health and safety measures, and tracking reduction or even total avoidance of safety and health incidents. Primax Group also monitors its operations for defect and areas of improvement concerning specific health and safety management issues. Any defects uncovered are resolved in the shortest time possible with prevention measures implemented to eliminate safety/health concerns or unfair treatments.

Apart from monitoring workplace safety and health through statistics, Primax Group also analyzes the cause, type and nature of injuries occurred so that the Company may develop precise and feasible ways to improve. The following is a breakdown of work injuries occurred within Primax Group.





Primax Group has enforced its occupational health and safety policies and standard procedures to such a point that the organization only experienced minor, isolated incidents during the reporting period, and encountered no major work-related accident or incident of death. The following is a breakdown of occupational injuries encountered by Primax Group's employees and non-employed workers.

Item	Calculations	Taipei Headquarters	Dongguan Primax	Chongqing Primax	Kunshan Primax	Dongguan Tymphony	Huizhou Tymphony	Dongcheng Tymphony	
Total work hours	Female	Employee	435,456	3,814,000	2,156,000	550,000	1,502,000	1,338,000	804,000
		Workers	13,608	860,000	702,000	60,000	260,000	594,000	158,000
	Male	Employee	1,176,120	5,080,000	1,006,000	554,000	2,416,000	1,902,000	376,000
		Workers	21,384	1,582,000	860,000	58,000	444,000	1,282,000	272,000
	Total	Employee	1,611,576	8,894,000	3,162,000	1,104,000	3,918,000	3,240,000	1,180,000
		Workers	34,992	2,442,000	1,562,000	118,000	704,000	1,876,000	430,000
Percentage of documented occupational injuries	Female	Employee	0.00	0.00	0.93	1.82	0.67	1.49	1.24
		Workers	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Male	Employee	0.85	0.79	0.99	3.61	1.66	1.05	5.32
		Workers	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total	Employee	0.62	0.45	0.95	2.72	1.28	1.23	2.54
		Workers	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Note:

- Total work hours in the above chart were estimated (employee count * 8 hours * work days).
- Percentage of deaths by occupational injury = deaths caused by occupational injury/work hours * 1,000,000: none had occurred within the Group in 2020.
- Percentage of severe occupational injuries = No. of severe occupational injuries net of deaths/work hours * 1,000,000: none had occurred within the Group in 2020.
- A severe occupational injury refers to one that results in disability or renders a worker unable to recover to the pre-injury state of health in six month's time.
- Percentage of documented occupational injuries = No. of documented occupational injuries (including deaths and severe occupational injuries)/work hours * 1,000,000: Primax's Chinese plants reported 11 work injuries while Tymphony reported 12 work injuries in 2020; all of which were ordinary work injuries.
- Number of documented occupational injuries was taken from the internal work injuries data sheet.
- No death, severe work injury, or documented injury had occurred to Primax Group's non-employed workers in 2020.

Health check and care

Primax Group has always placed employees' health at the top of its priorities, and constantly aims toward building a healthy workplace. Taipei Headquarters organizes regular health checkups that are more comprehensive than what the laws require. The scope of checkup covers metabolic syndrome, cancer screening, and ultrasound imaging for thyroid, pelvis and prostate. Employees may also request for ultrasound examination on abdomen, the carotid artery, thyroid, pelvis, or prostate to suit their needs. In addition to the four cancer screening options provided by the Health Promotion Administration, the Company has also added liver cancer, pancreatic cancer, prostate cancer, and ovarian cancer screening to complement the checkup. Employees who have been identified as high-risk group will be closely monitored by nurses and given complimentary re-checks six months later. These efforts are intended to enable early discovery and treatment of life-threatening diseases.

Meanwhile, Primax's 3 Chinese plants and Tymphony all provide special examinations for employees who are exposed to high-risk activities/substances such as: gluing, printing, soldering, forklift, electrical works, noise, dust, laser, X-Ray etc. For these employees, examinations such as B-scan ultrasonography, pulmonary function, bilirubin, hearing, trace element, and eye function are provided before, during and after performing work. Employees who operate X-ray related equipment are subjected to full body examination that cover potential skin, liver, kidney, lymphatic, and thyroid diseases. Employees will be referred to physicians for any abnormal discovery, re-evaluated for suitability of current job position, and have health conditions followed up on a continuous basis. No occupational illness had occurred within Primax Group in 2020.

Employee health promotion

Primax offers multi-layered protection that enables employees to take full control of their health. Seminars are organized to keep employees informed of health promotion knowledge, while medical attention is extended whenever needed. We have complied with Regulations on Workers' Health Protection by hiring full-time nurses on site to assist in health promotion works. In addition, the Company engages licensed physicians to perform on-site services such as medical consultation, treatment of injuries/illnesses, health seminar, and workplace improvement once a month.



Health checkup for Prima employees in China



Health checkup for Prima employees in China



Health checkup for Prima employees in China



Health checkup for director employees of Tymphony



Health checkup for director employees of Tymphony



Health checkup for director employees of Tymphony



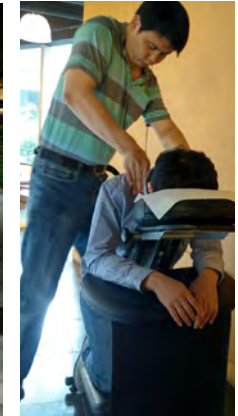
The Taipei Headquarters comprises mainly of R&D engineers who put their minds to work all day long. In addition to dealing with stress from work, they are also prone to illnesses such as shoulder/neck pain, frozen shoulder, carpal tunnel syndrome, and high intraocular pressure from prolonged use of computers. To address this common problem, Primax hires blind masseurs and masseuses to relieve employees from the stress and discomfort caused by prolonged use of computers. The hiring of blind masseurs and masseuses provides job opportunities for people with disabilities, and is believed to have worked in favor of multiple parties.

We value employees' physical as well as mental health, and is committed to helping them develop proper exercise habits. Professor from the Department of Athletics, National Taiwan University (NTU), was invited to host a 3-hour intensive course on exercising, posture, prevention of sports injury, and healthy lifestyle habits based on the structure of NTU's EMBA fitness course. Every Primax employee including new recruits are required to complete this course, which concerns their performance evaluation and promotion opportunities. Primax introduced an Employee Assistance Program (EAP) in 2013, offering consultation for family, legal, and financial issues in the form of an online platform. After infirmaries were created, the EAP was upgraded to keep track of employees' progress after consultation. A consultation hotline was added to the EAP in collaboration with an external consultancy company in 2019, and callers may have their problems evaluated by psychologists before being referred to specialists of appropriate expertise. Meanwhile, manager sensitivity training, group courses for new recruits, and quarterly seminars are being arranged for the protection of employees' mental health. The hotline was called 171 times whereas a total of 3 seminars and 5 courses were organized in 2020.

In addition to awareness promotion and stress relief measures, the Company also organizes a variety of sports-oriented clubs, sport competitions, subsidies, and one-day or half-day hiking events on a frequent basis to involve employees in exercises and recreational activities for better health.



Jogging class



Blind masseurs and masseuses



Jogging class



Mandatory health management courses



Group course for new recruits



Popular Science Health Seminar

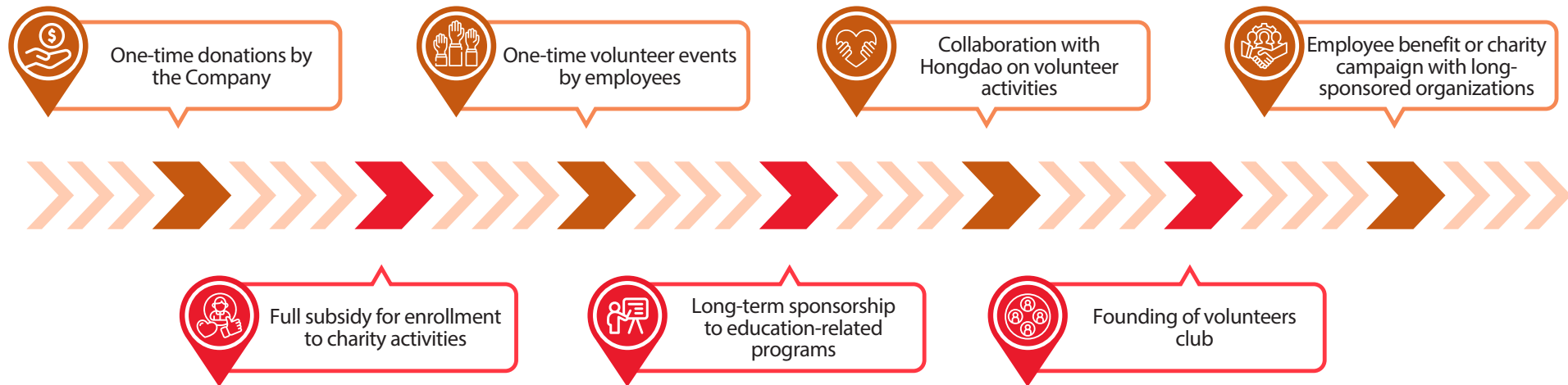
Dongguan Primax participated in the "2020 Shijie Popular Science Seminar Series" hosted by Shijie Science and Technology Association, during which it invited health experts to communicate with employees on common occupational illnesses as well as prevention and protection measures, and provide consultation service free of charge. A total of 31 employees had participated in the seminar.

4.5 Care for public interest

Businesses exist because of the society they exist in, which is why the Company is dedicated to offering assistance and care in gratitude for the society's support. Taiwan currently faces a number of social challenges such as aging population, low fertility rate, and widening wealth inequality. Taipei Headquarters hopes to address this challenge, and after discussing with various non-profit organizations (NGOs), we consider children's education and accommodation of elderly people to be the two problems that require immediate, long-term attention. This was the reason why we have changed from our intermittent and project-by-project participation in the early days to more consistent and long-term commitment with NGOs. We regularly organize seminars and invite partnered NGOs to speak with the board of directors and employees about the purpose and vision of their services.

After engaging and communicating with NGOs in the manners described above, we devised charity programs that corresponded to the missions of the respective organizations. A volunteer club was also assembled in 2017 to rally those who understand and appreciate the NGOs' missions into action. This year, we even tried to connect our employees to the NGOs we have long sponsored through events such as concert, donation and charity marketplace. Overall, these activities received active response from employees and benefited both the Company and the NGOs.

Apart from Taipei Headquarters, our Chinese operations, too, are eager to give back to the local community. Dongguan Primax, one of our Chinese production sites located in Shijie, Dongguan, has strictly complied with local regulations and offered abundant assistance and care to minimize the negative impacts of its business activities. For the growth of the local community, Dongguan Primax has committed itself to local talent development by offering scholarships and contributing to education funds on a regular basis.





Primax Group's charity events achieved a total participation count of 1,357 in 2020 and incurred NT\$8,221,820 in expenses. A breakdown of charity events is as shown below.

Charity activities of Primax Group - 2020

Concerned Issues	Partners	Program	Duration	No. of participants	Budget (TWD)
Community care	Hongdao Senior Citizen's Welfare Foundation	Nangang one-day tour for elders	1 day(s)	64	73,423
		Community theatrical performance at Nangang Office	0.5 day(s)	180	41,938
		Year-end shopping companion	0.5 day(s)	36	12,034
	House of Dreams	e-Sport Career Camp	2 (days)	109	703,580
	Taoyuan Village, Taitung	Purchased pineapples from Taoyuan Village, Taitung County, and gifted to employees	0.5 day(s)	400	30,100
	Yongchuan Jian Home for Elders	Visit to elders	0.5 day(s)	28	8,820
		Park cleanup	0.5 day(s)	36	12,960
	Primax Chongqing Volunteer Team	Park and neighborhood cleanup	0.5 day(s)	29	6,300
	Shijie Shayao Community Service Center	Handicraft time - autumn's and winter's blessing	0.5 day(s)	9	5,249
	Shijie Shijiecun Community Service Center	Mid-autumn visit to community elders in Shijie	0.5 day(s)	18	9,956
	Shijie Volunteer Association	Visit to lone elders	0.5 day(s)	11	12,375
		Visit to empty-nest households	0.5 day(s)	15	0
	Shijie Bus Terminal	Donations at Shijie Bus Terminal	0.5 day(s)	8	0
	Dandelion Hearing & Language Association	Seminar on hearing impairment - stories of the hearing impaired	1 day(s)	35	-
	Dandelion Hearing & Language Association	Loudspeaker DIY - crafting speakers with the hearing impaired	1 day(s)	35	50,000
	Self-organized event	Employee cosmetics donation	1 day(s)	15	-
Huiyang Xinwei Hospital	Support for community pandemic protection: 20 containers of 75% alcohol (20L per container) were donated to the hospital	1 day(s)	-	-	
Xingshan Nanyang Luobuhe Village and Yuanan Maopingchang Laoguan Village	Flood prevention: Yichang City in Hubei has suffered greatly from floods this year. To help rebuild the villages, employees accumulated 10 million paces and supported the company in donating CNY 100,000 to a total of 2,236 beneficiaries.	1 day(s)	300	450,000	
Education support	Junyi Academy	Regular donation	5 year(s)	0	2,000,000
	House of Dreams	Regular donation	5 year(s)	0	2,000,000
	Cheng Zhi Education Foundation	Regular donation	5 year(s)	0	2,000,000
	Shijie Town Government	Shijie Dongguan Primax Education Fund	8 year(s)	0	800,000
	Xinhua Compassion Education Foundation	Hope for Pearl: fundraising for the 2nd Primax Pearl Class	1 year(s)	29	78,508
Total				1,306	8,221,820

Note: NTD 4.5 = RMB 1.



It is the company's hope to help top-performing yet underprivileged students complete high school studies while preparing them for national exams and a world of opportunities to come.

Approximately 500 employees from Taipei Headquarters and Dongguan Primax responded to the call and joined Hope for Pearl; they worked with the company to introduce the first "Primax Pearl Class" in March 2018 and raise funds for the second Primax Pearl Class in November 2019. This time round, we invited employees to join us either through action (by signing up as PMX volunteer and completing volunteer service, with corresponding donations being made by the Company) or through donation (by scanning QR code on a donation platform), so that more Pearl Students may have the means to fulfill their "college dream." The program had raised NT\$771,524 in donations from 1,001 donors in total by 2020. Starting with the employees, we hope to influence a greater number of people and spread our care further for the sustainability of the society. Because of our efforts, these pearls are given the energy and chance to turn life around, and grow to pass on the positivity to future generations.

Hope for Pearl



Go Primax Pearl!



Dongguan Primax won "Shijie Town Commendation for Organized Charity" for the 2nd consecutive year

Driven by dedication to corporate social responsibilities, Dongguan Primax leads employees into a number of charity campaigns and encourages them to participate on a voluntary basis. It donates supplies to various communities in Shijie and extends assistance and care to lone and disabled elders through action. Its contribution to community development has been well-perceived in the local town.



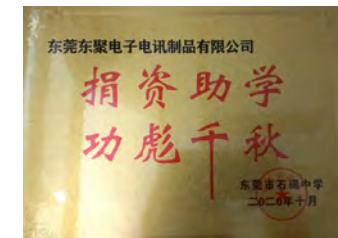
Encouraging charity participation and appreciating satisfaction of helping people

Primax Volunteers have been awarded "Excellence in Volunteer Service" by Shijie Town authority for four consecutive years between 2017 and 2020. In the future, Primax Volunteers will further enhance the structure of its volunteer team by assembling an execution unit and training volunteer leaders to lead participants in community volunteer events. Members of the execution unit will discuss possible volunteer projects and innovative ways of service delivery to attract more employees into the volunteer team.



Supporting education through Shijie Dongguan Primax Education Fund

As a corporate citizen, Primax devotes consistent and ongoing attention to education. Primax founded Shijie Dongguan Primax Education Fund in 2009 as a support for education in Shijie, and began donating approximately NT\$900,000 per year to the fund since 2010.





Hongdao one-day tour to Pushin



Theatrical performance by Hongdao seniors



Theatrical performance by Hongdao seniors



Hongdao one-day tour to Pushin



Hongdao one-day tour to Pushin



Speech-language-hearing seminar



Charity footage



Festive celebration with elders and personal hygiene care at Jian Xingfu Home



Festive celebration with elders and personal hygiene care at Jian Xingfu Home



Speech-language-hearing seminar



Speech-language-hearing seminar



Column - e-Sport Career Camp



e-Sport Career Camp by Primax Electronics x House of Dreams

The e-sport profession has had growing influence over the young generation in recent years due to increasing popularity of online and mobile games, recognition of e-sport as an official sports category, as well as the prospect of earning million dollars a year and being worshiped as professional gamers and live streamers. Many young people who are addicted to online or mobile gaming have therefore envisioned themselves becoming professional gamers in the future.

However, like many other types of athletes, career as a professional gamer is often short-lived; most of whom reach the peak of their performance around the age of 20, not to mention that it takes rare talent on top of hard work to get into the business, and the industry is notorious for its high turnover rate. While spectators may focus their attention on the players, this enormous and thriving industry is actually supported by a team of diverse roles such as: coaches, live streamers, commentators, post-production directors, artists, video editors, competition organizers, executors, marketing staff, game designers, and peripheral designers/manufacturers.

Being an OEM for many renowned brands of gaming peripherals, Primax collaborated with 4Gamers, the industry's most experienced e-sport event organizer, to host an e-Sport Career Camp where young people may develop the proper knowledge and experience towards various professions of the e-sport industry, instead of having unrealistic expectations about "getting rich by playing games live." The career camp also promoted Primax's strengths in the research, promotion, and manufacturing of gaming peripherals, as well as 4Gamers' professional touch when planning and executing e-sports events. Overall, the camp achieved its purpose of helping young people explore career paths, and provided Primax and 4Gamers the opportunity to promote corporate image.

The e-Sport Career Camp was organized in joint effort with House of Dreams. During the planning phase, Primax communicated closely with House of Dreams to establish the state and needs of young people, and made corresponding changes to camp details to ensure that it served the purpose of helping young people explore career paths. Primax even visited nearby schools to promote and recruit volunteers for the event. Junior and senior high school students who had an interest in e-sport were offered the chance to participate free of charge.

The event was held in December 12-13, 2020, and featured a diverse program including: interview with live streamers, Primax seminar, tour to Primax Electronics and Gaming Space, e-sport role-playing, e-sport seminar, and teamwork. At the end of the event, participants were divided into teams and worked together towards organizing an e-sport event using the knowledge they had learned in the two days. Lastly, Primax gave each participant a carbon reduction-certified wireless mouse as a token of the Company's contribution to e-sports, while reminding them of the efforts the organization has devoted to the research, development, and manufacturing of green products.

For this project, we adopted the LBG (London Benchmarking Group) approach to evaluate the benefits it has on the company and the society, using Inputs, Outputs, and Impacts as the three quantification variables. NT\$703,580 and 384 volunteer hours were committed into this event; below is a summary of the benefits and social influences generated:



Column - e-Sport Career Camp

Resources invested

1. Event budget: NT\$410,000
2. Event rewards: NT\$20,000
3. Equivalent salary of volunteer leaves: about NT\$273,580

Outcomes

1. Number of program participants and workers (Primax, House of Dreams, and 4Gamers) totaled 109
2. Over the 11 themed activities held in two days, participants gave an average satisfaction rate of 4.3 (out of 5), in which "Gaming space tour" achieved the highest satisfaction rating of 4.6
3. Event article was posted on House of Dreams FB page; the FB page had 8,107 followers, and 7,979 of whom liked the article

Social influence

[Effects on participants]

- 80% of participants found the camp helpful to their future career in the e-sports industry
- 89.7% of participants learned more about the career history and challenges of professional gamers and live streamers
- 69% of participants were aware of other professions in the e-sports industry, including show host, commentator, hardware engineer, and video editing
- 62.1% of participants were aware of Primax's competitiveness in the research, development, and manufacturing of gaming mice, keyboards, and peripherals

[Effects on volunteers]

- 59.1% of volunteers learned the challenges of various professions within the e-sports industry
- 59.1% of volunteers learned the professional knowledge, venue, and equipment needed to host an e-sports event

Feedback to Participants

Thank you for your company in the last two days. I had a wonderful time and learned much about e-sports

We appreciate the organizers for giving us a glimpse of the e-sports world, and various professions associated with it

You make wonderful products.

Feedback to Volunteers

It is wonderful to get to know Primax and the products it makes

The organizer had put in a lot of thought teaching children about e-sports careers

They did a wonderful job engaging children in all aspects of e-sport! Thank you, for all you've done





Column - Social Influence & SROI



Sponsoring Taitung Tao-yuan Elementary School in KIST & SROI assessment for the Taoyuan community

Under the leadership of the Chairman, Primax Electronics continues to direct attention towards issues concerning education, and support Cheng Zhi Education Foundation in adopting "Science-based Solution to Equality and Progress" and fulfilling its vision of helping children develop the knowledge, skills, and characters needed to accomplish their dreams. The two organizations have been working together to bring in new educational perspectives and models, attract talented teachers and principals, unlock children's potentials, and transform the campus culture and values in such a way that opens up possibilities for schools in remote areas.

Primax contributes NT\$2 million a year and NT\$10 million over five years to supporting Cheng Zhi Education Foundation in the implementation KIPP in Tao-yuan Elementary School. The organization also makes annual high-volume purchases of pineapples grown in Taoyuan, coordinates with Bulaku in group purchases, and invites students of Tao-yuan Elementary School to corporate visits in an attempt to connect employees to the local community.

Over the course of the KIST program, we found that the community, school, and family all have significant influence on children, which was why after 2 years, Primax Electronics approached PwC Taiwan for assistance in assessing SROI (social return on investment) of the KIST program. By assessing Primax's investments in the KIST program of Tao-yuan Elementary School and returns in terms of social influence between August 2017 and September 2019, we hoped to gain insight into the current state of the KIST program and how we can improve in the future.

SROI can be used to measure the level of social, environmental, and economic values created from social responsibility activities of a business. The approach shares similar concept with Return on Investment (ROI) performed on financial statements, and hence is named social return of investment (SROI). SROI builds on top of the concept of ROI by expanding both the denominator and the numerator to include environmental and social impacts, whether tangible or intangible, in addition to financial measurements, using the 6 main steps below to present influence and returns in the form of data.

1. Determine the scope of project and the stakeholders affected, and engage accordingly
2. Describe changes caused by the project
3. Assign reasonable pricing to surveyed results
4. Turn priced outcomes into real influence
5. Discount influence
6. Interpret the SROI outcome and conduct sensitivity test



Column - Social Influence & SROI



Signing ceremony for donation contract between Primax and Cheng Zhi Education Foundation



Primax makes high-volume purchases of locally grown pineapples and gifts them to employees each year



Tao-yuan Elementary School's visit at Primax

Through the rigorous steps above, Primax was able to analyze how the KIST program has affected its stakeholders, including teachers and students of Tao-yuan Elementary School, parents, administrative staff, community residents, Cheng Zhi Education Foundation, and Primax Electronics, in terms of confidence, learning passion, independence, group identification, and sense of accomplishment. Total value of input (including time and money) was calculated at NT\$9,193,105, and the total present value of outcomes generated, after applying reasonable pricing, was calculated at NT\$19,516,409.

[Formula for calculation of SROI]

$$SROI = \frac{\text{Value of total outcome}}{\text{Total input}} = \frac{19,516,409}{9,193,105} = 2.12:1$$

In other words, every NT\$1 invested into the KIST program yields NT\$2.12 of social influence in return (quantified data)

Through interviews, we obtained the following feedbacks from stakeholders, which further convinced Primax and Cheng Zhi Education Foundation of the prospects of the KIST program.

I feel it (the effect of KIST on me) becoming a habit that lasts until senior high school, or even **for life**.
Senior students

We hope to continue the KIST philosophy **into junior high school**, and help children grow further in terms of character, learning skills, and culture appreciation.
Parents

I was unsure at first about the number of activities involved, but now I am **rather confident** about the program.
Parents

By providing children with successful experiences, they will have something to remember by whenever they encounter a setback in the future, and hold on to the fine qualities that we have helped them develop.
Teachers

We hope that they (the school) keep this up; we are grateful the school and the sponsors. I look forward to seeing the sponsors in school activities, **so we the parents can get to know them**.
Parents

The teachers would take the initiative to contact parents and discuss issues in a more timely manner. **The teachers are very devoted** and willing to spend time on every child. They are wonderful!
Parents

Every experience is different, and these experiences are **priceless to me**.
Social worker

My greatest takeaway was the mindset. I used to let stress overwhelm me, but now, I can approach ad-hoc assignments **with optimism**.
Teachers




5

Appendices

- Appendix 1 Assurance Statement
- Appendix 2 GRI Index
- Appendix 3 List of Management Systems



Appendix 1 Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE PRIMAX ELECTRONICS LTD.'S CORPORATE SUSTAINABILITY REPORT FOR 2020

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION
SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Primax Electronics Ltd. (hereinafter referred to as PRIMAX) to conduct an independent assurance of the Corporate Sustainability Report for 2020 (hereinafter referred to as the CS Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during on-site verification from 01 April 2021 to 04 May 2021. SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT
This Assurance Statement is provided with the intention of informing all PRIMAX's Stakeholders.

RESPONSIBILITIES
The information in the PRIMAX's CS Report of 2020 and its presentation are the responsibility of the directors or governing body (as applicable) and management of PRIMAX. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all PRIMAX's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options	Level of Assurance
A SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)	n/a
B AA1000ASv3 Type 1 (AA1000AP Evaluation only)	High

Assurance has been conducted at a high level of scrutiny

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SCOPE OF ASSURANCE AND REPORTING CRITERIA
The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options	
1	GRI Standards (Core)
2	AA1000 Accountability Principles (2018)

- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

ASSURANCE METHODOLOGY
The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, Sustainability Task Force members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant. In response to COVID-19 pandemic situation the assurance process was conducted via Teams and on-site audit.

LIMITATIONS AND MITIGATION
Financial data drawn directly from independently audited financial accounts and Task Force on Climate-related Financial Disclosures (TCFD) has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE
The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from TWC, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

FINDINGS AND CONCLUSIONS

VERIFICATION/ ASSURANCE OPINION
On the basis of the methodology described and the verification work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

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AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity
TWC has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, TWC may proactively consider having more direct two-ways involvement of stakeholders during future engagement.

Materiality
TWC has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.



Responsiveness
The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

Impact
TWC has demonstrated a process on identifying impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, TWC's Sustainability Report of 2021, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to strengthen the link between performance and goals and targets, display performance results directly. More descriptions about the performance against goals, including key successes and shortcoming, and specific actions aimed at improving performance are also encouraged.

Signed:
For and on behalf of SGS Taiwan Ltd.

David Huang
Senior Director
Taipei, Taiwan
1 June, 2021
www.sgs.com

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Appendix 2 GRI content index

○ General disclosures

GRI 102: General disclosures 2016

Category/topic	GRI Standards Disclosures		Corresponding chapter	Page	Undisclosed information and reasons	
					Category	Description
1. Organizational profile						
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Core	102-3	Location of headquarters	2.1 Company profile	41		
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Core	102-5	Ownership and legal form	2.1 Company profile	41		
Core	102-6	Markets served	2.1 Company profile	41		
Core	102-7	Scale of the organization	2.1 Company profile 2.3 Consistent operations	41 56		
Core	102-8	Information on employees and other workers	4.1 Employee overview	94		
Core	102-9	Supply chain	3.3 Sustainable supply chain management	89		
Core	102-10	Significant changes to the organization and its supply chain	2.1 Company profile	41		
Core	102-11	Precautionary Principle or approach	2.4 Risk management	59		
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2. Strategy						
Core	102-14	Statement from senior decision-maker	Message from the Chairman	4		
Comprehensive	102-15	Key impacts, risks, and opportunities	2.4 Risk management	59		
3. Ethics and integrity						
Core	102-16	Values, principles, standards, and norms of behavior	2.2 Corporate governance	47		



Category/topic	GRI Standards Disclosures		Corresponding chapter	Page	Undisclosed information and reasons	
					Category	Description
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Comprehensive	102-19	Delegating authority	1.1 Corporate social responsibility management	14		
Comprehensive	102-20	Executive-level responsibility for economic, environmental, and social topics	1.1 Corporate social responsibility management	14		
Comprehensive	102-21	Consulting stakeholders on economic, environmental, and social topics	1.1 Corporate social responsibility management	14		
Comprehensive	102-22	Composition of the highest governance body and its committees	2.2 Corporate governance	47		
Comprehensive	102-23	Chair of the highest governance body	2.2 Corporate governance	47		
Comprehensive	102-24	Nominating and selecting the highest governance body	2.2 Corporate governance	47		
Comprehensive	102-25	Conflicts of interest	2.2 Corporate governance	47		
Comprehensive	102-26	Role of highest governance body in setting purpose, values, and strategy	1.1 Corporate social responsibility management	14		
Comprehensive	102-27	Collective knowledge of highest governance body	2.2 Corporate governance	47		
Comprehensive	102-28	Evaluating the highest governance body's performance	2.2 Corporate governance	47		
Comprehensive	102-36	Process for determining remuneration	2.2 Corporate governance	47		
5. Governance						
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Core	102-46	Defining report content and topic Boundaries	About the report 1.3 Management of material topics	2 22		
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Category/topic	GRI Standards Disclosures		Corresponding chapter	Page	Undisclosed information and reasons	
					Category	Description
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Core	102-50	Reporting period	About the report	2		
Core	102-51	Date of most recent report	About the report	2		
Core	102-52	Reporting cycle	About the report	2		
Core	102-53	Contact point for questions regarding the report	About the report	2		
Core	102-54	Claims of reporting in accordance with the GRI Standards	About the report	2		
Core	102-55	GRI content index	About the report	2		
Core	102-56	External Assurance	About the report	2		

○ Topic-specific disclosure

** GRI Topic-specific disclosures

Category/topic	GRI Standards Disclosures		Corresponding chapter	Page	Undisclosed information and reasons	
					Category	Description
200 - Economic Standards						
**GRI 201: Economic performance 2016	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics 2.3 Consistent operations	22 56		
	103-2	The management approach and its components	1.4 Enforcement of sustainability commitment	26		
	103-3	Evaluation of the management approach	1.4 Enforcement of sustainability commitment	26		
	201-1	Direct economic value generated and distributed	2.3 Consistent operations	56		
	201-2	Financial implications and other risks and opportunities due to climate change	2.4 Risk management	59		
	201-3	Defined benefit plan obligations and other retirement plans	4.2 Productive labor-management relations	102		
	201-4	Financial assistance received from government	2.3 Consistent operations	56		
GRI 202: Market presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4.2 Productive labor-management relations	102		



Category/topic	GRI Standards Disclosures		Corresponding chapter	Page	Undisclosed information and reasons	
					Category	Description
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	4.5 Care for public interest	125		
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	2.2 Corporate governance 3.3 Sustainable supply chain management	47 89		
	205-3	Confirmed incidents of corruption and actions taken	2.2 Corporate governance	47		
300 - Environmental Standards						
GRI 301: Materials 2016	301-1	Materials used by weight or volume	3.2 Green product management	85		
GRI 302: Energy 2016	302-1	Energy consumption within the organization	3.1 Green production management	69		
	302-3	Energy intensity	3.1 Green production management	69		
	302-4	Reduction of energy consumption	3.1 Green production management	69		
	302-5	Reductions in energy requirements of products and services	3.2 Green product management	85		
GRI 303: Water and effluents 2018	303-2	Management of water discharge-related impacts	3.1 Green production management	69		
	303-3	Water withdrawal	3.1 Green production management	69		
	303-4	Water discharge	3.1 Green production management	69		
	303-5	Water consumption	3.1 Green production management	69		
GRI 305: Emission 2016	305-1	Direct (Scope 1) GHG emissions	3.1 Green production management	69		
	305-2	Energy indirect (Scope 2) GHG emissions	3.1 Green production management	69		
	305-3	Other indirect (Scope 3) GHG emissions	3.1 Green production management	69		
	305-4	GHG emissions intensity	3.1 Green production management	69		
	305-5	Reduction of GHG emissions	3.1 Green production management	69		
	305-6	Emissions of ozone-depleting substances (ODS)	3.1 Green production management	69		
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	3.1 Green production management	69		



Category/topic	GRI Standards Disclosures		Corresponding chapter	Page	Undisclosed information and reasons	
					Category	Description
GRI 306: Waste 2020	306-2	Management of significant waste-related impacts	3.1 Green production management	69		
	306-3	Waste generated	3.1 Green production management	69		
	306-4	Waste diverted from disposal	3.1 Green production management	69		
	306-5	Waste directed to disposal	3.1 Green production management	69		
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	3.1 Green production management	69		
GRI 308: Supplier Environmental Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	3.3 Sustainable supply chain management	89		
400 - Social Standards						
**GRI 401: Employment 2016	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics	22		
	103-2	The management approach and its components	1.4 Enforcement of sustainability commitment	26		
	103-3	Evaluation of the management approach	1.4 Enforcement of sustainability commitment	26		
	401-1	New employee hires and employee turnover	4.1 Employee overview	94		
	401-2	Benefits provided to full-time employees (excluding temporary and part-time employees)	4.2 Productive labor-management relations	102		
	401-3	Parental leave	4.2 Productive labor-management relations	102		
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	4.1 Employee overview	94		
**GRI 403: Occupational Health and Safety 2018	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics	22		
	103-2	The management approach and its components	1.4 Enforcement of sustainability commitment	26		
	103-3	Evaluation of the management approach	1.4 Enforcement of sustainability commitment	26		
	403-1	Occupational health and safety management system	4.4 Safe and healthy workplace	116		
	403-2	Hazard identification, risk assessment, and incident investigation	4.4 Safe and healthy workplace	116		
	403-3	Occupational health services	4.4 Safe and healthy workplace	116		



Category/topic	GRI Standards Disclosures		Corresponding chapter	Page	Undisclosed information and reasons	
					Category	Description
**GRI 403: Occupational Health and Safety 2018	403-4	Worker participation, consultation, and communication on occupational health and safety	4.4 Safe and healthy workplace	116		
	403-5	Worker training on occupational health and safety	4.4 Safe and healthy workplace	116		
	403-6	Promotion of worker health	4.4 Safe and healthy workplace	116		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4 Safe and healthy workplace	116		
	403-8	Workers covered by an occupational health and safety management system	4.4 Safe and healthy workplace	116		
	403-9	Work-related injuries	4.4 Safe and healthy workplace	116		
	403-10	Work-related ill health	4.4 Safe and healthy workplace	116		
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	4.3 Support for skill development	110		
	404-2	Programs for upgrading employee skills and transition assistance programs	4.3 Support for skill development	110		
	404-3	Percentage of employees receiving regular performance and career development reviews	4.2 Productive labor-management relations	102		
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	2.2 Corporate governance 4.1 Employee overview	47 94		
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	4.1 Employee overview	94		
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	3.3 Sustainable supply chain management 4.1 Employee overview	89 94		
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	3.3 Sustainable supply chain management 4.1 Employee overview	89 94		
**GRI 414: Supplier Social Assessment 2016	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics	22		
	103-2	The management approach and its components	1.4 Enforcement of sustainability commitment	26		
	103-3	Evaluation of the management approach	1.4 Enforcement of sustainability commitment	26		
	414-2	Negative social impacts in the supply chain and actions taken	3.3 Sustainable supply chain management	89		



Category/topic	GRI Standards Disclosures		Corresponding chapter	Page	Undisclosed information and reasons	
					Category	Description
**GRI 416: Customer health and safety 2016	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics	22		
	103-2	The management approach and its components	1.4 Enforcement of sustainability commitment	26		
	103-3	Evaluation of the management approach	1.4 Enforcement of sustainability commitment	26		
	416-1	Assessment of the health and safety impacts of product and service categories	3.2 Green product management	85		
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3.2 Green product management	85		
**GRI 418: Customers' privacy 2016 /Cybersecurity	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics	22		
	103-2	The management approach and its components	1.4 Enforcement of sustainability commitment	26		
	103-3	Evaluation of the management approach	1.4 Enforcement of sustainability commitment	26		
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.4 Risk management	59		
	P01	Management of information security	2.4 Risk management	59		
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	3.2 Green product management	85		
**Corporate governance	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics	22		
	103-2	The management approach and its components	1.4 Enforcement of sustainability commitment	26		
	103-3	Evaluation of the management approach	1.4 Enforcement of sustainability commitment	26		
	P02	Corporate governance	2.2 Corporate governance	47		
**Climate action	103-1	Explanation of the material topic and its Boundary	1.3 Management of material topics	22		
	103-2	The management approach and its components	1.3 Management of material topics	22		
	103-3	Evaluation of the management approach	1.3 Management of material topics	22		
	P03	Climate action	3.1 Green production management	69		
**Risk management	103-1	Explanation of the material topic and its Boundary	1.4 Enforcement of sustainability commitment	26		
	103-2	The management approach and its components	1.4 Enforcement of sustainability commitment	26		
	103-3	Evaluation of the management approach	1.4 Enforcement of sustainability commitment	26		
	P04	Risk management	2.4 Risk management	59		

○ Disclosures mandated by the FSC

GRI Standards Disclosures	Corresponding chapter	Page
(1) No. of full-time non-managerial employees, mean and median salary of full-time non-managerial employee, and differences from the previous year.	4.2 Productive labor-management relations	102
(2) Company's governance over climate-related risks and opportunities, actual and potential climate impacts, identification/assessment/management of climate risk, and indicators/targets used for assessment and management of climate issues.	2.4 Risk management	59

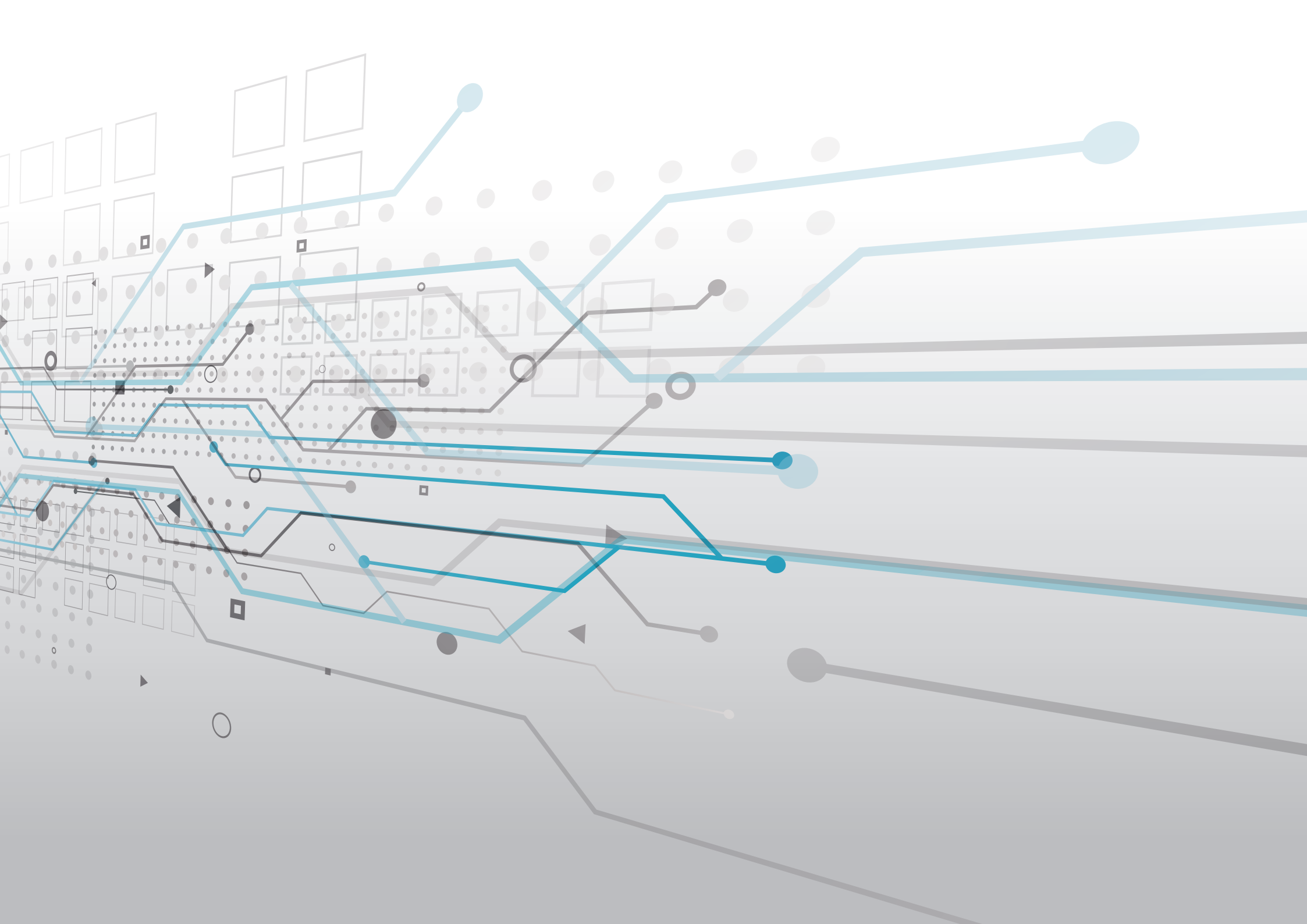


Appendix 3 List of Management Systems

Name of system Plant	Environmental							Social		Governance			
	ISO14064-1 Greenhouse Gas Inventory	ISO 14001 Environmental Management System	ISO 50001 Energy Management System	ISO 14046 Water footprint standards for organization life cycle	14067/ PAS 2050 Carbon footprint	ISO 14051 Material flow cost accounting (MFCA)	IECQ QC 080000 Hazardous Substance Process Management System	RBA VAP Responsible Business Alliance	ISO 45001 Occupational health and safety management system	ISO 27001 Information Security Management System	ISO 31000 Risk Management Standards	ISO 9001 Quality Management System	IATF 16949 Automotive Quality Management System
Taipei Headquarters	●		●	●	★		●		○	●	○	●	●
Dongguan Primax	●	●	●	●			●	●	●			●	●
Chongqing Primax	●	●	●	●			●	●	●			●	
Kunshan Primax	●	●	●	●			●		●			●	
Primax Electronics (Thailand)		●					●		●			●	
Dongguan Tymphony	●	●	●	●		○	●		●			●	
Huizhou Tymphony	●	●	●	●			●		● Note 4			●	
Dongcheng Tymphony	●	●	●	●			○		●			●	

Note:

1. "●" Indicates coverage of third-party inspection/certification, and that validity of the certificate covers the year of report.
2. "★" Indicates coverage of third-party inspection/certification, but validity of the certificate does not cover the year of report.
3. "○" Indicates that the management system was adopted internally and had yet to be inspected/certified by third party.
4. Huizhou Tymphony has adopted OSAHS 18000; it expects to transition into ISO 45001 in 2021.





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